SPECIAL MID-YEAR DIVIDEND FORECAST ISSUE

The MAGAZINE of WALL STREET

EDITED BY

Richard D. Wyckoff

Gov. Alfred E. Smith

In An Exclusive Interview:

State Government~ ENEMY OR SERVANT OF BUSINESS?

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With the Editors

Buying for the Yield on Common Stocks

THE unskilled investor makes one habitual mistake and one which at times proves very costly. That mistake is to buy a stock just because it yields an attractive return.

This investor picks up the evening paper, turns to the financial page and runs his eye down the column of stock prices. He reaches "International Petroleum Products Corporation preferred." This is an 8% stock and sells at 85. Quickly the investor takes pencil and paper and figures the yield to be 9.4%. This is much better than he can secure in other stocks (he notices that a good many of them yield 4, 5 and 6%) and maybe the stock will have an advance. The next day he buys International Petroleum Products Corporation preferred at 85 and waits for it to go up. But the stock persistently refuses to go up, though other oil stocks may be advancing. In fact, after a few weeks, it starts a little decline of its own. It declines to 80 and then 75 and then 70. The newspapers commence to comment on the decline and the fact is brought out that the company is in weak financial position, that it may have to issue some bonds and possibly cut or omit entirely the preferred dividend. All this is news to the investor who feels he has taken enough risk and sells out at 70.

This is a typical situation.

We feel that any investor who refuses to do any more brain work incidental to the purchase of a stock than to figure out the yield—which any schoolboy can do—deserves his loss. If the investor has any respect for his money, he will have to do a good deal more than figure the yield. Among other things he will have to find out:

1) The condition and outlook of the industry in which the company operates.

2) The company's earnings record.

3) The company's dividend record.

4) The company's record in respect to issue of bonds or stock.

5) The company's financial record, particularly in respect to current assets and liabilities.

6) How the company compares from the above viewpoints with other leading companies in the field.

7) The recent price record of the company's securities.

8) If the company has any bonds, whether they sell on a high yield basis or the reverse. If they sell on a low yield basis, the company's credit is good. If the reverse the company's credit is poor.

9) The condition of the company's properties. Does the company make ample provision for depreciation, depletion, etc.?

10) Has the company shown progress in increasing the volume of its business (gross income)?

These are some of the factors which enter into security judgment. The question of yield is only one of a great number. Certainly the investor owes it to himself and his family to leave nothing undone before he makes his purchase. Even then unless especially well qualified to pass on the merits of the stock, he should secure competent advice from a reliable authority. But to judge solely by the yield—that is the height of folly in investment.

In The Next Issue

Can the Federal Reserve System Prevent Financial Crises?

—perhaps no other subject relating to finance commands so much interest. It is no exaggeration to say that the financial health of this country in large degree depends on the vitality of the Federal Reserve System. Is the System strong enough to prevent the recurrence of the old-fashioned financial panic? Three nationally known bankers answer this question in the next issue.

Which Are the Remaining Investment Opportunities in Stocks?

—a complete list of the most attractive investment stocks which have not yet advanced too far. This table will be accompanied by explanatory remarks on each stock, besides giving highly essential data on the respective companies. We know of no investment article that could contain greater practical value to the investor at this time.

The Real Estate Boom—Where Is It Leading?

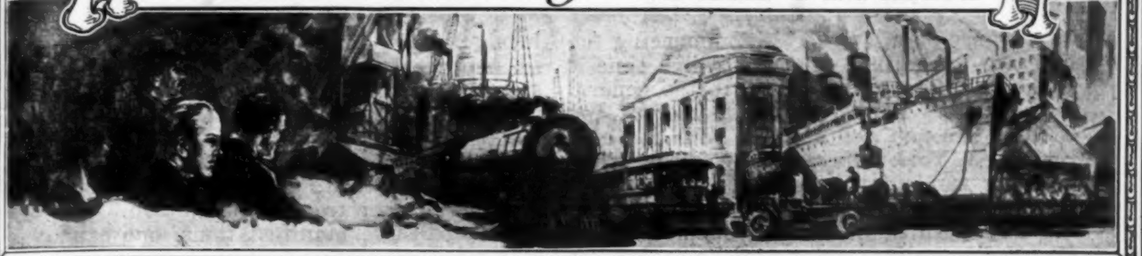
One of the greatest speculations in land is now in progress in various parts of the country. What is its economic significance? Does it mark the end of the boom of the past three years not only in land values but in the stock market and in business?

Bonds and the Money Market

—an expert analysis of the bond situation which is of true timely value.

Do Not Miss the August 29 Number; It is a Distinctly Serviceable Issue of The Magazine of Wall Street

The MAGAZINE *of* WALL STREET



EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Business Confidence Increasing—The Course of Prices—Money Rate Situation — Labor Troubles — Investment Values — The Market Prospect

WHEN, last Spring, wheat prices collapsed and the stock market staged a stupendous decline, confidence in the business outlook was greatly impaired and it was feared that we had finally commenced a protracted business depression. Since May and particularly in June, however, business sentiment has improved and at present is fairly optimistic. This has been due to growing appreciation of a number of favorable developments, the chief of which may be summarized as follows: general economic improvement among the farming community; continued expansion in building, construction and public utility industries; tremendous demand for automobiles and trucks; continued volume of foreign trade on a large scale; relatively high degree of employment; sound money conditions, and suspension of national legislative activities.

For the past few months, the rise in a great many representative stocks has been discounting a return to active business conditions from the slump of late Spring and early Summer. Retail trade has been of substantial proportions; dealers' shelves are not over-stocked; railroads are in good physical shape; fear of a European debacle is somewhat less acute, though still existent in many quarters; earnings of a number of industries as indicated by the half year reports, have been surprisingly good. On the other hand, small shopkeepers, manufacturers and other minor business factors continue to complain of poor conditions; a just complaint in view of the strong competition to which these weaker elements in business are subject these days.

Taking both favorable and unfavorable factors into consideration, it is probable that business as a whole has not been stronger since last Winter and that we may confidently look forward to a period of reasonably high industrial and business activity and satisfactory earnings for our larger corporations during the next few months.

PRICE OUTLOOK

VERY recently there has been a halt in the upward climb of commodity prices. Gasolene is weaker; copper is sluggish; wheat and corn have declined; sugar is weak; rubber has lost ground; coal is unimproved at bottom prices; cotton has made no headway. On the other hand, steel products, livestock, hides, leather and chemicals have been stronger. The price situation is thus irregular. Proof is had therefore of the relative absence of inflation. Except in rubber, there are no short supplies anywhere and ordinary business needs should be easily filled. This does not make for a situation in which rising prices are likely to predominate. On the other hand, it is a favorable portent for a safe, regular business conducted at possibly a small profit but where the volume is sufficiently large to produce satisfactory earnings.

MONEY HIGHER

TIME money rates have advanced slightly to an average of 4¼% compared with a general average of 4%, a few weeks ago. Call money seems temporarily stabilized at the 4-4¼% level, this compared with a rate of 3½% several months ago. Credit requirements for crop moving purposes will put in

appearance on a large scale commencing the last two weeks in August, at which time it is logical to expect a firming in the general money rate. Banks in the interior of the country are not well satisfied with the current New York rate and have been withdrawing funds for local needs. This process will be intensified with the harvest of the crops. In the meantime, business needs for credit are increasing and large foreign loans are in early prospect. It is significant that banks are again reducing their bond holdings in anticipation of increasing demands for credit. Long-term issues already show a decline of over 1% and the movement is likely to go considerably further.

INVESTMENT VALUES

THIS brings us to the question of the outlook for investment securities. Since the likelihood is strong that money rates will become firmer, it is logical to expect continued reaction in the bond market, except, of course, in the more speculative type of issues which for special reasons may still be found attractive. High-grade preferred stocks will be sympathetically affected. Certainly, it is not likely that they will advance beyond present high levels. The more speculative preferred issues, however, being less affected by money rate changes, will move in accordance with the position and outlook for the individual companies.

Investment common stocks, of course, are affected least of all of these groups by fluctuations in the money rate and whether or not they should be held depends on factors relating to the intrinsic position of the individual issue. Generally speaking, higher money rates will adversely affect investment values and a moderate shrinkage, particularly in high-grade bonds and preferred stocks, may be looked for.

LABOR TROUBLES

THE labor situation has been attracting growing attention. Thus far, three important groups have been affected by discontent. The anthracite miners, on top of a 10% increase two years ago, are demanding an equivalent increase in wages, this despite the example of the bituminous coal industry which is completely disorganized as a result of the uneconomically high wage rates imposed on this industry by the unions. The second instance is in regard to the notice given by the railroad brotherhoods that they intend soon to force the issue of another wage increase. The third instance is the textile industry of New England where imperative economic adjustments have contributed to a general cut in wages. Among others, the tire industry is in process of cutting wages. Building is beset with labor troubles of its own.

Despite these manifestations, one cannot safely draw the conclusion that we are verging on a period of the titanic labor conflicts which marked conditions two and three years ago. Generally speaking, the rate of employment is high and most workers seem satisfied with working conditions and wages. Of great importance is the fact that the cost of living has not materially advanced in the past two or three years, yet during this period wages have increased. What is true is that the labor situation has not yet been adjusted in two or three important industries, particularly coal and building. The coming demand of railroad labor for higher wages is probably no more than a political move to offset the threat of a possible cut. The textile industry is almost through its process of wage adjustment. This leaves coal which is still in a critical state and building where wages are inordinately high.

Comparing conditions in this country with those in Europe, it is an inescapable fact that we have proceeded along sound lines in handling our labor problem and that no serious troubles from this source are to be expected, speaking for labor as a whole.

MARKET PROSPECT

THE stock market continues to show formidable holding power on reactions, and has pushed forward to new high levels. With public appetite for stocks being whetted by this spectacle, pool movements in individual issues have been greatly facilitated. This is naturally a superior time for distribution, a process which can be detected under cover in a number of different issues now bulking so large in the public eye. Many stocks, it is true, are still undervalued and worth while holding, but the time for caution is when buyers flock to the market without thought for values. We seem to have entered such a period. It consequently appears wise to continue disposing of the more speculative types of stocks, particularly those which have had pronounced advances in the past few months, though, of course, those which are still attractive from an investment viewpoint should be retained.

Monday, August 10, 1925.

State Government—Enemy or Servant of Business?

An Exclusive Interview with

Alfred E. Smith, Governor of New York

Interviewed by J. M. Head

This striking interview with one of the greatest Governors in the history of the United States aside from the sheer value of its statement possesses additional interest from the fact that it represents one of the very rare occasions in which Governor Smith has consented to speak for a particular publication. We are consequently more than usually pleased to have the opportunity of presenting the views of this extraordinary man to our readers.

The Great Seal of the Empire State

IN the building of public improvements of a permanent nature it is placing too great a burden on the people of today, to force the payment, by current taxation. Payment should be extended over a reasonably long period, spread over at least a portion of the time in which the improvements are expected to endure. Where the coming generation is to be heir to the benefits, it surely should be asked to assume part of the burden. Such a doctrine is sound in ethics and economics.

A state has an obligation to its needy, its unfortunates, its dependents, which rises superior to any theory involving hairline restrictions on fiscal policies. It has an obligation to every citizen in the matter of the construction of needed or essential public works and buildings which transcends the academic question embraced in the pay-as-you-go principle.

The duty a state owes to its unemployed is such that every possible step should be taken to see that unemployment is reduced to the minimum.

Where a state can defer public work in times of general business activity, when employment is general, and its wards or dependents will not suffer thereby, it may well do so, so as not to be forced into competition for labor. But to defer such work, when the need is exigent, until a possible period of depression, on the theory that it would help labor at a time when unemployment is greatest, would be a poor policy.

This, in substance, is what Alfred E. Smith, New York's chief executive, the best known of all the country's governors, told me in an interview which he granted to me in his suite at the Biltmore hotel, New York.

The Governor's well-known aversion to granting interviews makes it impossible for me to say that he received me with open arms. Even there, in the privacy of his own rooms, he was busy, and, undoubtedly, I was about to consume some of the time which he might have applied to other work. The little desk, of the sort which hotels condescendingly place in guest chambers, usually more ornamental than useful, was covered with letters and papers. The governor, coatless, sat at this desk, a document in his hand. His attitude was an invitation to be brief.

I realized that the busiest governor in all our forty-eight states had broken a rule in thus granting to a newspaper man a private interview to discuss public affairs and his policy regarding them. I hastened to assure him that I would be as brief as possible.

The governor smiled, rather mirthlessly, it seemed to me.

"If you were the only man who asked for this sort of thing," he said, "it wouldn't be so bad. But I face this situation every day with flocks of reporters wanting me to say something. I simply do not have the time to permit it."

I spoke my appreciation of his consent to talk to me, and then abruptly asked him what he thought of the much emphasized belief that the state should pay its obligations out of current taxation or short time obligations.

One never is in doubt about Governor Smith's opinion, when he

is ready to express it. His answer was crisp, direct,

"The policy of paying as you go, about which we hear so much, is fine when it can be done. If everybody did this we could wipe out the entire credit system from our state, national and international economy. But where the exigencies of the case require a bonded indebtedness it is foolish to bow in worship to a theory. And expenditures involving millions, cannot be financed in one year or two, or half a dozen, without burdening people with an unbearable load.

"Of course," he continued, "the future should not be weighed down without limit as to time. I believe that the citizens and taxpayers of the future should pay for a portion of cost of construction which is to endure and give service to them. Why insist, for instance, that a prison building which probably will endure for a hundred years, should be paid out of the state's immediate receipts?

"Here is a hospital to be erected for state charges. In the natural order of such things a building of this kind should last nearly half a century. Is it unjust to the next generation to pass a part of the cost of such a building on to it?

"To pay for public improvements the State can only raise money in one of two ways—either by sale of its bonds or by drawing upon annual revenues. Our mistake has been that we've attempted to pay for too many public works of permanent character from current revenues. This means that taxpayers of a few years pay all cost of public improvement designed to last fifty or one hundred years. The difficulty is that in addition to taxpayers of a few years being saddled with a heavy burden there is a great waste because of postponement from year to year of necessary appropriations to carry on constructive work."

Governor Smith referred to his message to the legislature in which he had cited the case of Wingdale Prison, authorized in 1906, financed from current revenues. After 18 years it was changed to a state hospital after several million dollars had been spent. Up to that time (1924), it was only about three-fourths completed and was unfurnished and unoccupied, the state being compelled to pay expenses of keeping it heated in winter to preserve property standing idle and useless.

—Gov. Alfred E. Smith of New York—

a state executive who favors the policy of more business in government and less government in business

He also cited Sing Sing Prison ordered demolished in 1916 to erect a new prison. In 1924 it was half completed, housing no prisoners, of no use to the state, and the state architect said it would cost $3,500,000 more to complete it.

"This is a sample of the pay-as-you-go plan," commented the governor. "New Jersey is paying for its part of a vehicular tunnel under the Hudson River out of bonds, while when I sent my message to the legislature in January of this year, we had already taken about $14,000,000 out of current revenues and were expecting to appropriate $3,500,000 more for the year, I could cite instances almost indefinitely, but these are sufficient. Under this sort of pay-as-you-go policy, procrastination is the supreme boss. My suggestion, which was acted upon by the legislature, was to issue bonds for not more than $10,000,000 annually, for ten years, or a maximum total of $100,000,000 up to 1926, to take care of the financing of enduring public improvements. It was on this subject you remember that ex-Governor Miller and I debated only recently. Who won that debate can be decided only when the people vote on the proposal next fall.

"Two of the greatest business corporations in this country are the United States Government and the Government of New York State. They should be conducted as business corporations. Yet we find in New York that we have innumerable boards and administrative bodies scattered throughout the state, duplicating effort and overlapping duties, at a high cost to the taxpayers.

"The proposed constitutional amendment reduces these bodies to twenty-one compact departments generally co-extensive in time with the term of the governor, and with each department responsible to the governor.

"I favor these changes and because I do I have been accused of advocating czarism—trying to get absolute control of the State. But there will be many governors after me. What I want to do is to have New York State run just as any other big corporation is run. No private company ever would allow so many expensive and often useless departments as we have. Under such extravagant methods there would be a loud call for an efficiency expert and he would make short work of the system.

"I favor an executive budget, prepared by the

> *"The State—is a business institution—and should have a business administration. It is its duty to make taxation rest as lightly upon the people as possible."*

governor. The legislature has opposed this as it insists a budget should be legislative. I feel that a governor of a state should have the power to originate a budget leaving the legislature free to make other appropriations if it sees fit. I have answered the argument that an executive budget would be no better than a legislative budget if the legislature were allowed to make an additional budget, by saying that in such a case the legislature would have to pass its budgetary bills only after free discussion and debate instead of having appropriations hidden away in and made part of a general appropriation bill. To bring about this needed reform in our state requires a constitutional amendment. Budget-making agencies created by legislation are too uncertain in tenure as they are subject to change by every new administration that comes into control."

I was impressed by the so-called Planning Agency which the governor advocates. In his annual message he had pointed out that every well-organized business had a planning department. The governor's idea is that New York must provide for inevitable growth which would involve intensive development of transportation facilities, cheaper water-power, reforestation, a better and more comprehensive system of state parks. He is ardent in his advocacy of the Planning System, as opposed to the present hit-or-miss method.

The governor is intensely interested in maintaining a high percentage of employment in the state and has insisted that it is the duty of the state to make every effort to obtain work for those out of jobs. He does not fear the charge of paternalism for he takes the position that the welfare of the people can be best served by every person being employed in a productive capacity.

"Governor," I suggested, "it has been argued that a government should so regulate the work on its public improvements as to give employment in times when general business is slack, and to refrain from making public improvements when labor is generally employed elsewhere. The result, it is claimed, would be beneficial in two ways: First—it would offer jobs when men needed them most; second—it would eliminate state competition with private business when the latter needed labor."

"That," responded the governor, without a moment's hesitation, "could be governed only by the circumstances in a given case. Where the state *can* defer public work in a time when labor is generally employed, and the public need is not urgent, it might well do so. But when there is a real need for such public improvement as in the case of our hospitals and prisons, I certainly would not advocate delay to wait for a possible period of depression to come so that the state might offer work and thus appear philanthropic. On the other hand, if in times of lack of employment the state has public work to be done I surely would be in favor of pushing such work to give every man it was possible to help, a job."

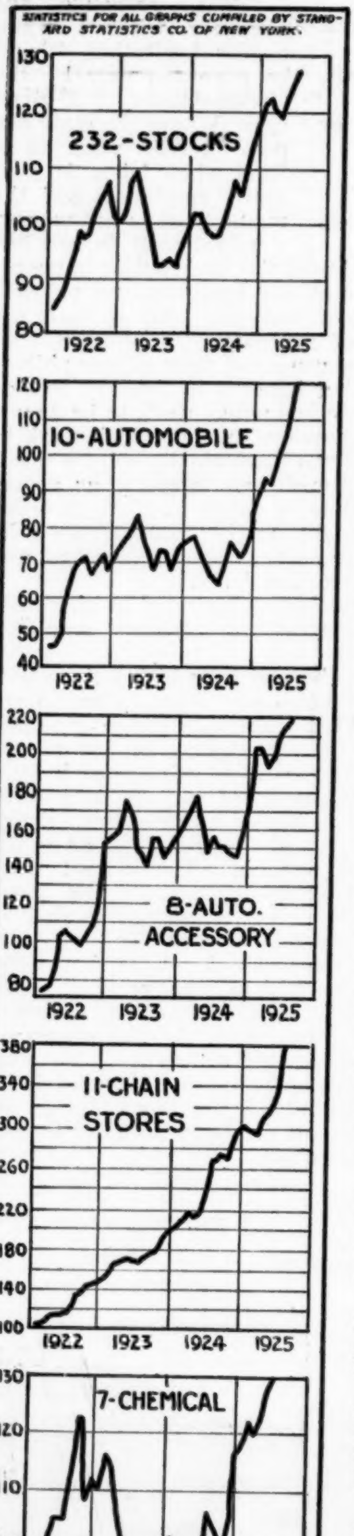
When Governor Smith was sworn is as governor for the third time in January, 1925, in order that his policies might not be misunderstood he sent to the legislature the longest message any governor ever sent to that body.

"So far as I know," he commented on this message, "it was the longest any governor ever sent to any legislature.

"I still believe in the policies which I there outlined, and except where they refer to conditions peculiar to New York state alone the principles can be applied to the government of any of our states. The state, after all is a business institution, and while not conducted for the purpose of making money, should have a business administration. It is its duty to make taxation rest as lightly upon the people as possible. Therefore I think that my policy of extending payment for great public improvements over a limited period of years is perfectly sound."

When Governor Smith shook my hand and dismissed me, he left me with this impression: Here was a man, leader and product of the greatest partisan political organization in the country—Tammany Hall—advocating and fighting for what the politician regards as a most heinous doctrine—business in government. I wondered if even he, strong as he admittedly is, could bring it to pass in the great Empire state.

The New York State Capitol at Albany.



How the Stock Market Micro

An Analysis of the Market Position of of Determining Which

WITH nearly one thousand listed stocks, the market shows more and more of a tendency to separate into a group of markets each one of which is more or less independent of the others. In this respect, the market comes to resemble somewhat a department store where, at almost any given time, some branches of the business are prosperous and others having a difficult time.

In the past few months, in particular, the market has become what is known as a selective affair, that is, a market in which groups of stocks and individual issues show a tendency to move on their own merits and practically regardless of what other groups may do. Naturally, this leads to the question: which groups have made the most headway and which have made the least? It is the attempt of this article to answer the question. One thing will be noted, however, as our facts develop, that the tendency of groups to move independently is not of recent derivation but has been in process for a long time.

Analyzing the market situation as based on the market averages for various groups (compiled by the Standard Statistics Co. of New York) we find twenty-five individual groups of principal interest. Before we analyze the position of these groups, however, let us ascertain the position of the two great sections of the market, railroads and industrials. We find that the industrials, as an entire group, have advanced 54% since January, 1922, and the rails 37%. January, 1922, is selected as being roughly the point at which the great bull market in stocks commenced. *The rails, it is seen, have advanced less in proportion to the general market than the industrials.*

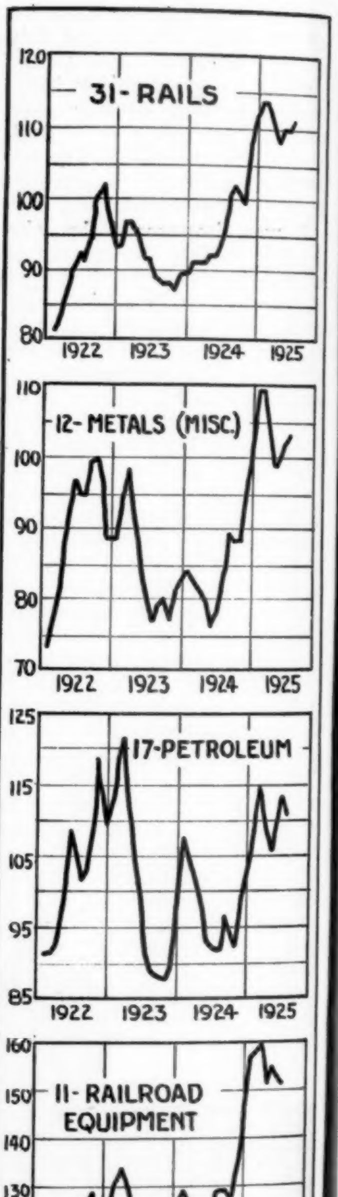
Of the twenty-five specific groups, only nine registered an advance equal to or greater than that of the market as a whole. The remaining sixteen advanced less than the general market or actually, as in some instances, showed net declines.

It is clear from this study that the bull market has taken place principally in nine groups of stocks. These groups and their percentages of gain since January, 1922, are:

Chain store stocks 264%; auto accessories 207%; mail order 200%; automobiles 166%; electrical equipment 127%; food 100%; traction, gas & power 99%; theatre 80%; and chemicals 51%.

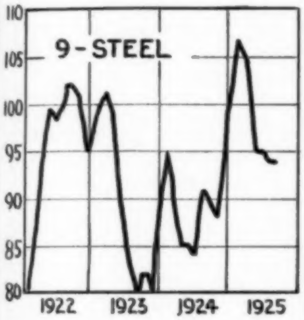
Those familiar with the history of the market since 1922 will recognize that stocks representing these groups, indeed, have furnished most of the great advances which took place in that period.

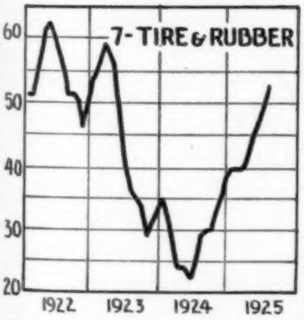
Among other groups which made more moderate advances are: sugar 50%; railway equipment 48%; machinery manufacturing 48%; tobacco 44%; farm machinery 40%; miscellaneous metals 37%; petroleum 32%; telegraph & cable

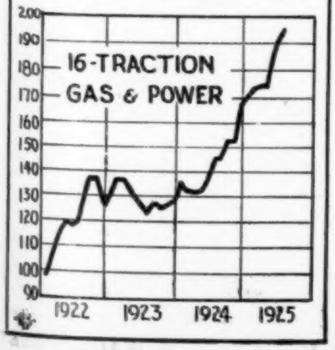


Looks Under the scope

the Leading Groups With the View Are in the Safest Position







30%; copper 23%; steel 17%; tires 2%; and leather & shoe 1%.

The groups which showed net market declines since January, 1922, are: shipping 11%; paper 11%; coal 23%; and textiles 38%.

Four Groups in a Bear Market

Summarizing, we find that in the most extended general advance in market history four important groups were actually in a bear market. These groups are : coal, textile, shipping and paper. Two groups (tires and leather and shoe) made little progress compared with Jan., 1922, and a number of other important groups such as steel, copper, telegraph and cable and petroleum registered comparatively small advances.

It is true, of course, that since January, 1922, these latter groups have at one time or another sold higher than present prices but even if allowance were made for these changes, the net result would not be materially affected.

It is obvious that the biggest advances have taken place in groups of securities representing industries which have made the greatest earnings progress since the post-war depression. Glancing at the list we find the most pronounced gain in the following: chain stores, mail order, automobiles and accessories, electrical equipment, utilities and food. Any investor who has followed the industrial situation in the past few years will recognize that these groups in particular have shown phenomenal increase in earnings. On the other hand, groups which failed in the market, such as coal, textiles, shipping and paper, have done so for the very good reason that except at comparatively rare intervals these industries have been in a poor economic position and still are to-day, for that matter.

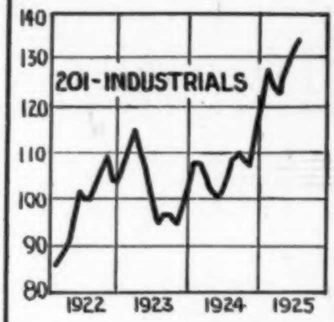
Still again, such groups as steel, petroleum and copper which made only partial response

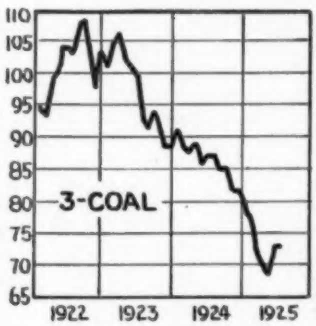
(*Please turn to page* 738)

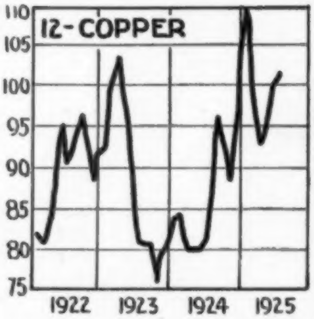
What the Principal Market Groups Have Done

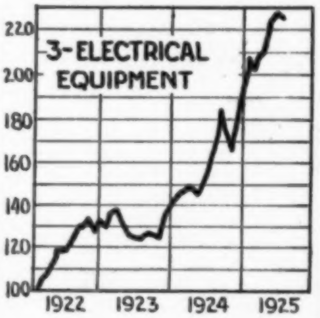
Jan., 1922, to date

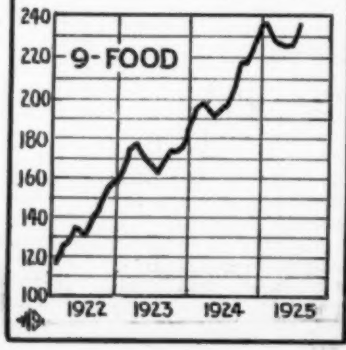
	Gained		Gained
General market	61%	Machinery m'f'g	48%
Industrials	64%	Tobacco	44%
Rails	37%	Farm machinery	40%
		Misc. metals	37%
Chain stores	264%	Petroleum	33%
Auto. accessories	207%	Telegraph & Cable	30%
Mail order	200%	Copper	23%
Automobile	168%	Steel	17%
Elect. equipment	127%	Tires	2%
Food	100%	Leather and shoe	1%
Traction, gas and power	99%		Lost
Theatre	80%	Shipping	11%
Chemical	61%	Paper	11%
Sugar	60%	Coal	23%
Rwy. equipment	46%	Textiles	38%











A Thousand and One Nights in a Blue Sky

By "Captain William Kidd"

Our Forty Thousand Thieves or The Anatomy of Fake Stock Selling

THIS article possesses the unique merit of having been written by a man intimately familiar with the methods of shady promoters and stock salesmen. As such it will grip the interest of readers not familiar with the latest wrinkles in the sale of fraudulent securities. We do not believe

Dawn of speculation

our readers require the warning but if they have any innocent friends capable of being influenced by the blandishments of the wily stock selling crew, all they have to do is to show them this article. The cure ought to be immediate.

THE Blue Sky laws are a failure! There are forty-eight States with forty-eight different systems of Blue Sky laws, and the barricade of 1,000 pages of paper has not reduced the sniping of the gyps. It is a facile belief that the laws and the constant exposures in hundreds of periodicals by countless agencies have limited their field of action. This is untrue. There are as as many suckers today as there ever were.

How do the gyps beat the Blue Sky laws? A good deal by ingenuity and a good deal by sheer brass. The best way in which to beat a Blue Sky law is by the hawk method—a quick descent and a quicker retreat. After all, a Blue Sky law is no more a deterrent to fraudulent stock selling than a law against burglary is a deterrent against burglary. There is this difference: For thousands of years men have observed the failure of burglary laws. They lock and guard their homes at night. But the Blue Sky law is new, and so it is still believed that salesmen are estopped from selling us the Blue Sky.

The reasoning is simple. The modern stock salesman like the old buccaneer, is consciously fraudulent. He is illegal to begin with. Will a specific violation of a Blue Sky statute make him like the business less? One has to know the psychology of a thief.

The most astonishing difference between the old hip-hip-hurrah mining stock selling of the older period, and the present selling of fraudulent securities is the abandonment of direct selling by newspaper advertising or by circularization. If any one sends out this type of appeal, he is an amateur. It isn't even a pleasure to be swindled by him, he is so old fashioned. Newspapers are discriminating and the United States Mails had best be used with discretion. If a circular or letter is to be sent, let it be merely as a kind of calling card for the gyp. For the salesman rules the roost.

America is the golden land, the *El Dorado* of the stock swindler. This is the only large country in which a poor man has a reasonable chance of becoming a rich man. In England, where a man rarely rises out of his class, or if he does, rises only a peg or two higher appeals to cupidity have to be tempered by this fact. In America the appeal to cupidity is fantastic, and yet not altogether incredible. Henry Ford comes from a farm, the Van Sweringens were little men years ago. Hence, the stock salesman hammers on cupidity, covetousness, greed.

In England there are real legal complications, not paper Blue Sky statutes. Recently a body of gyp stock salesmen left New York to conquer London. On arriving in England, they found their pictures in the papers, with the captain, "Has Your Yankee Swindler Visited You Today?" They had visions of Bow Street police court. They knew what Scotland Yard had done. They knew that the Home Secretary was incorruptible and would deport upon demand. All of these powers flow from the British Companies Act, the only effective statute against stock frauds known.

Many stock salesmen are inclined to bless the Blue Sky laws. So far from stopping their trade, these laws prove of great assistance. If the law requires that they obtain licenses, then these are exhibited as proof that the state has OK'd them. Outside of the license conferring authority, the investor has been lulled to sleep by the laws. He is robbed under the planned assurance that if the stock being offered him were bad, the Blue Sky law would stop it! In England they have a perfect system—the requirements for publicity are rigorous but there is no remedy for the deceived; the rule of *caveat emptor* (let the buyer beware) remains in force. The state does not pretend to protect; it only compels the light.

the "Blue Sky Blues"

A knowledge of methods employed will readily show that diabolical ingenuity is used in formulating the campaign.

The gyp salesman is a firm believer in the modern paraphrase of the old saw—that a burnt child can readily be burnt again. For this reason the "high-pressure" man avoids a "cold turkey" proposition. By "cold turkey" is meant the sale of stock by a corporation to original purchasers. It is as satisfying as cold turkey the day

after Thanksgiving, hence the expression. The tediousness of the selling and therefore the lack of monetary return on "cold turkey" necessitates the use of comparatively unskilled salesmen or "coxies." The "coxie" is a term applied usually to salesmen new at the game, who are used for producing the necessary quantity of sales, so that the real salesmen can come after them and "reload." They are so-called because they are shiftless men with no definite occupations, hence akin to the derelicts of "Coxey's Army" in 1894.

The promoter who employs the "reloaders" does not do what the Wall Street house does automatically. He sells stock on a contingent basis, whereas the Wall Street house pays the corporation in advance, and thence the risk of selling is their own. The promoter has no capital, but usually good "connections" of a somewhat underworld character, and unlimited ability to dominate equally impudent thieves. He is often more educated than the salesmen; he has even been known to be able to read a balance sheet.

He has a crew of "reloaders," "bandits," "burglars," "dynamiters," etc., to use their own descriptions of themselves. By those who saw them on the "Million Dollar Carpet" of a Chicago hotel, so-called because of the unlimited lying and bluffing by which the promoter deceived the deceivers in order to get them—there were few other salutations heard.

The promoter tells the corporation that he has a crew of salesmen and also a large clientele. He does not state that he does not pay salaries, but only commissions and railroad fares, and that "his" crew is someone else's the next minute. If he is an old hand he asks the corporation for statements—by this he learns how much they can be mulcted out of, while they are assured of his conservatism. He then takes up the sale upon a basis of *at least* 50%. Out of this he pays 20% to the "bandit," about 10% for fares and expenses (they usually have gorgeous offices with rich green carpets—almost their trade-mark), leaving 20% net for generalship.

Thus a company which receives $500,000 has had sales of $1,000,000, say of 7% preferred stock, effected, and to pay 7% it must earn 14% on the realized capital. They also have a harvest of complaints, the aftermath of the "bandit's" lies, that keep them busy, and afraid of jail for years.

The promoter gets the list of stockholders either by guaranteeing (worthless) that he will sell 5 or 10 shares for one now held, or on the more specious plea that he desires it as a means of obtaining concrete information of the feelings of their stockholders before selling to his own (non-existent) clientele.

He usually induces the company to send out a circular letter with glittering generalities about prospects, which invariably ends with the statement that the company expects the stock to be listed on the New York Stock Exchange or the New York Curb Market.

The bolder of the promoters send out a curt telegram to every stockholder announcing that a representative will call to explain matters, and this telegram is signed by the president, whether he knows it or not. Very often the "president" announces in the telegram that he is coming, and the representative then palms himself off as the president. Often the men do this on the road on their own hook. Later the astounded president of the corporation gets an indignant letter as to his promises made at the stockholder's home, and he feels that the insane asylum is *his* proper home.

Pronto on the heels of the telegram arrives the "representative." He is never a salesman. At least not by his description. He always represents a "high-class" brokerage house in Wall Street, the "interests" of course. He is equipped with an application blank, a waiver and release, a fountain pen, and a capacity for glittering lies, little short of pathological. His method of approach is short and sharp, and on sound psychological grounds, curt. His story usually is that a syndicate of bankers has agreed to buy this new issuance of stock at a higher price than that which the stockholder originally paid, but that the president of the company fought hard for the stockholders' rights to subscribe. Hence the representative is compelled to offer it *pro forma*, but he prefers that the stockholder would please sign the waiver and release, so that the stocks he had a right to purchase may be free for sale to the syndicate of bankers.

The waiver reads "I ——— hereby waive all my right to purchase ——— shares of the ——— corporation." With great guile, there is usually placed at the top an inscription in red letters "Do not sign this waiver of your right to purchase without careful reading."

The salesman tells the gull that he has been allotted a certain number of shares (this depends on the salesman's estimate of how much the victim will take), and please to release that amount. The indignant stockholder cries out, "What, do you think I am such a fool as not to know that if these Wall Street men are willing to pay such a price, they don't know a good thing when they see it?" He insists upon not only not signing the waiver but on getting in on the ground floor by buying himself. They can't get the better of him, these Wall Street thieves. The salesman, apparently crestfallen, accepts the order with a heavy heart, and usually obtains a certified cheque.

In one of the most notorious stock selling schemes in history, tried in the U. S. Courts, Southern District of New York, involving the sale of stock of the Glass Casket Company by the Crager System, it appeared that additionally to all described before, the system would send out postal cards from two nominal brokerage houses in cities far removed from each other. The salesman was really not informed by the promoter of this, so that when he arrived he didn't have to feign his amazement at the bids received. Hence the victim, sure of the value of the stock, made haste to buy.

In Canada, vast quantities of stock were sold by two promoters working jointly as follows. They hired a Rolls-Royce limousine, and one of them was dressed up like a movie banker: silk hat, striped trousers, spats, cutaway coat, white-cord vest, eyeglasses with heavy cord, etc. The footman was in livery. They called upon the victim, and one of them, the "representative," would call the poor man from his home to meet the banker who was ready to buy his rights to the stock purchase then and there. With such an embodiment of plutocracy before him, the victim would not let this cruel banker get the better of him. He bought the stock himself. The show cost $75 a day, but it paid for itself ten times over.

A usual "dodge" is to have two salesmen call, one the "president," or more usually the "treasurer." They assure the victim that owing to the importance of his stockholding, he is felt to be the right man for the job, provided he holds $2,000 more stock, the minimum required by the by-laws to qualify as a well-paid officer. The "treasurer" or "director" then resigns, and the other is installed. The victim goes to the big city, and tells the office staff he is the new treasurer. The stenographers are not "dumb," and they wink to each other and humor him. He goes home in an Arabian Night's dream of power and pelf.

More common is the appointment of the victim as agent for the district if he buys more stock, just a little more.

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What Your Savings Will Do if You Allow the Interest to Compound

NOTE: These tables show how various amounts compounded at various rates of interest will grow in a period of twenty years. Most of our readers, we believe, can save in any one of the amounts selected—$500; $1,000; $2,000; $3,000. Furthermore the rates of interest on which these tables are based are ordinary rates and can be obtained without difficulty in almost any investment period. For that matter, the investor who is content with 4% may deposit his savings in a savings bank and achieve the results which he hopes for without further effort. The highest rate of interest given—6% is also obtainable but mainly in securities. Naturally, the investor who wishes this rate of return on his capital will have to be familiar with the investment field but with the help of reputable financial magazines, banks, etc., he easily should be able to secure this rate of interest without jeopardizing his principal. The most important proof in this set of tables is that if interest is left alone to compound, it is possible with mathematical accuracy to forecast what any given amount will be at the end of any given period. Thus, the investor who feels definitely that he can save $3,000 a year and who is able to invest this amount plus the accrued interest at 6%, leaving the total to compound at this rate, will be sure of having $39,542 at the end of ten years and $110,356 at the end of twenty. It is evident, therefore, that money, if left alone to compound, will swiftly increase to a surprisingly large amount. We believe these tables are worth whole books written on the subject of investment and that the investor would find himself amply repaid if he took the time to study them in relation to his own financial condition. (Fractional amounts have been omitted from the tables for the sake of convenience.)

	$500 Annual Savings Compounded at				$1000 Annual Savings Compounded at				$2000 Annual Savings Compounded at				$3000 Annual Savings Compounded at				
Years	4%	4½%	5%	6%	4%	4½%	5%	6%	4%	4½%	5%	6%	4%	4½%	5%	6%	Years
1	$500	$500	$500	$500	$1,000	$1,000	$1,000	$1,000	$2,000	$2,000	$2,000	$2,000	$3,000	$3,000	$3,000	$3,000	1
2	1,020	1,022	1,025	1,030	2,040	2,045	2,050	2,060	4,080	4,090	4,100	4,120	6,120	6,135	6,150	6,180	2
3	1,560	1,568	1,576	1,591	3,121	3,137	3,152	3,183	6,243	6,274	6,305	6,367	9,364	9,411	9,457	9,550	3
4	2,123	2,139	2,155	2,187	4,246	4,278	4,310	4,374	8,252	8,556	8,620	8,749	12,739	12,834	12,930	13,123	4
5	2,708	2,735	2,762	2,818	5,416	5,470	5,525	5,637	10,832	10,941	11,051	11,274	16,248	16,412	16,576	16,911	5
6	3,316	3,358	3,400	3,487	6,632	6,716	6,801	6,975	13,265	13,433	13,603	13,950	19,898	20,150	20,405	20,925	6
7	3,949	4,009	4,071	4,196	7,898	8,019	8,142	8,393	15,796	16,038	16,284	16,787	23,694	24,057	24,426	25,181	7
8	4,607	4,690	4,774	4,948	9,214	9,380	9,549	9,897	18,428	18,760	19,058	19,794	27,642	28,140	28,647	29,692	8
9	5,291	5,401	5,513	5,745	10,582	10,802	11,026	11,491	21,165	21,604	22,053	22,982	31,748	32,406	33,079	34,473	9
10	6,003	6,144	6,288	6,590	12,006	12,288	12,577	13,180	24,012	24,576	25,155	26,361	36,018	36,864	37,736	39,542	10
11	6,743	6,920	7,103	7,485	13,486	13,841	14,206	14,971	26,972	27,682	28,413	29,943	40,459	41,523	42,620	44,914	11
12	7,512	7,732	7,958	8,434	15,025	15,464	15,917	16,869	30,051	30,928	31,834	33,739	45,077	46,392	47,751	50,609	12
13	8,313	8,579	8,856	9,441	16,626	17,159	17,712	18,882	33,253	34,319	35,425	37,764	49,880	51,479	53,138	56,646	13
14	9,145	9,466	9,799	10,507	18,291	18,932	19,598	21,015	36,583	37,864	39,197	42,030	54,875	56,796	58,795	63,045	14
15	10,011	10,392	10,789	11,637	20,023	20,784	21,578	23,275	40,047	41,568	43,157	46,551	60,070	62,352	64,735	69,827	15
16	10,912	11,359	11,828	12,836	21,824	22,719	23,657	25,672	43,649	45,438	47,314	51,345	65,473	68,158	70,062	77,017	16
17	11,848	12,370	12,920	14,106	23,697	24,741	25,840	28,212	47,395	49,483	51,680	56,125	71,092	74,225	77,521	84,638	17
18	12,822	13,427	14,066	15,452	25,645	26,855	28,132	30,965	51,290	53,710	56,264	61,811	76,936	80,565	84,397	92,716	18
19	13,835	14,531	15,269	16,879	27,671	29,063	30,539	33,759	55,342	58,127	61,078	67,519	83,013	87,190	91,617	101,277	19
20	14,889	15,685	16,532	18,392	29,778	31,371	33,065	36,785	59,556	62,742	66,131	73,571	89,334	94,114	99,197	110,356	20

Are the Rights of Minority Stockholders Adequately Protected?

· Courts Nowadays Prompt to Act Against Fraud

"GIVE me 51% of the stock of a corporation and I've got all I want" is a common financial "wise crack" and measures the customary belief that a minority stockholder has little, if any, effective remedy against the tyranny or fraud of a majority. Yet were minority stockholders fully apprised not only of their rights, but also of the relative ease with which they may assert these rights, the truth would be rather the reverse.

How is a minority stockholder imposed upon? It would be tedious to enumerate all the methods, but the principal ones consist of such actions as (1) grossly overvaluing property sold to the corporation by other parties, the directors or management having a direct money interest, even if concealed by dummies, in the other party.

(2) Selling the properties of the corporation at a gross undervaluation to parties in which the management have a direct interest.

(3) Issuance of capital stock against money, property or services far below the value of that stock, either to themselves or to favored friends.

(4) The deliberate creation of subsidiary companies, so conceived that the stockholders of the parent company have only a shadowy control, and contrived with the purpose of deflecting the profits of the company to the newer subsidiary company.

(5) The time-honored method of not paying a dividend, either by brazenly accumulating a surplus, or by concealing the true profits and surplus by over-charges for depreciation, etc. This is done to discourage and "freeze out" the stockholders.

In mining companies, a not uncommon device is to keep on "reloading" stock, with glowing reports by engineers of progress, and when a really profitable ore is found, to have an explosion which wrecks the machinery, and then assess the stockholders. They drop out, the mine stock is bought for a song, and the insiders get the profits.

In reorganizations and mergers the devices have been too luxuriant for separate mention, but we will deal with the typical device of retiring debentures and issuing a far greater volume of bonds and stocks thereagainst; at the same time reducing the fixed charges. In this way the temporary situation is perfectly dealt with and most of the future rewards would go to the clique who, knowing the plan in advance, bought the debentures at a cheap figure.

Your Rights as a Stockholder

1. *To take part in and vote in meetings.*
2. *To examine books and papers for a legitimate purpose.*
3. *To have stock transfers recorded on the proper books.*
4. *To compel directors to abide by charter or articles of incorporation.*
5. *To compel directors to account for all profits made by company.*
6. *To receive pro rata share of dividends.*
7. *To compel directors to declare a dividend when there is no reason for not so doing.*
8. *To secure from Courts appointment of receiver to carry out decrees of court in respect to company.*

Wealth Not Needed to Sue Successfully

It is not true that one requires great wealth to fight such impositions. There are many lawyers, of the very highest type, who, when they realize that the stockholder or bondholder has a practically unanswerable case, will be pleased to take up the matter on a contingent basis. They know that a large group of stockholders will gravitate to them, once the fight is on. Strange as it may seem "little men" have often beaten gigantic corporations, and on crucial matters too.

Do not listen to the demagogue who tells you that the courts are invariably on the side of the powerful. The courts in this country, have, if anything, shown a tendency to lean backwards in the direction of the interest of the small stockholder. Nor are the legal proceedings unusually long when a case is decisive. The enjoining of unjust acts by directors has often been done in the twinkling of an eye. As for costs and disbursements, these are paid by the corporation, upon the defeat of those in power and sometimes directors do immediate justice without waiting for the courts.

Common sense must, of course, govern. There are innumerable cases where the damage done has been such that the results of the lawsuit will be hardly worth while if there is no serious possibility of recovering damages. There are cases where the stockholder must accept bitter sacrifices, especially in reorganizations, and where the faults of the directors were due to error, and not to fraud. Since stockholders benefit most when companies are prosperous, they must needs sacrifice most when companies are unfortunate. Then again, the case must be prepared perfectly. If the stockholder has a case that seems to be just, but to which a plausible defense can be made, he has the option on a long-drawn trial. The stockholder must be free from having acquiesced in the wrong, unless such acquiescence was obtained by fraudulent representation. The stockholder must sue as soon as possible, for in a delay there is the possibility that innocent parties may purchase securities or make contracts on the wrongful basis. Above all he cannot sue the management of the company, or seek to estop wrongful acts, when he has profited by such acts. In other words he must come into court with clean hands.

The last precaution is required not only because of its fundamental character in equity cases, but also because many blackmailers take advantage of some temporary legal slip-up of directors, and sue in bad faith intending to sell out for a consideration.

Above all this advice is not intended to stir up lawsuits. Ninty-nine per cent of corporations are perfectly alright morally, and in many cases where the stockholder feels that he has been the victim of some malign influence, he is merely the victim of bad business judgment. Law is not a remedy to be lightly used, but there is no reason for shrinking from it when one's interest has been trampled on.

Diversity of Laws

It must also be borne in mind that owing to our having forty-eight states with as many systems of law, that the legal advices herein given are a guide

THIS article apprises the stockholder not only of his rights but of the most effective means of asserting these rights. In passing, however, we should say that occasions demanding legal action by minority stockholders are not frequent. Most of our better known companies are run honestly and efficiently and there is no need for wholesale suspicion of corporation management. Nevertheless, there are times when the stockholder should not only be cognizant of corporate wrongs but take decisive legal action against them. This article, we believe, will enlighten stockholders on some of the more frequent causes of contention between management and shareholder.

but cannot necessarily be fitted perfectly to every similar case. That is why we have lawyers. The scheme of the statutes often is crucial for the very definition of capitalization, valuation, and other such basic conceptions.

The problem has been made acute by the enormous diffusion of stock ownership, especially in the last few years, and the growing anonymity of the ownership of companies. Directors and stockholders are far removed from each other. Meetings mean nothing to most stockholders.

It is becoming easier and easier for a managing group to control the situation. Such a state of affairs has its characteristic temptations.

Rights of the Stockholder

A stockholder has the right to take part in meetings, to examine the books and papers of the corporation for a proper purpose, to have transfers of stock recorded on the books, to compel directors to govern by the charter or articles of incorporation, to compel the directors to account to the company for all profits made by the company, to receive a pro rata share of the dividends, to compel the directors to declare a dividend when there is no reason for not so doing, and lastly to secure from the courts the appointment of a receiver to carry out the decrees of the court in respect to the corporation. It is best for him to sue in equity for in strict law the directors are usually right. In equity one can sue to prevent wrongs such as a *threatened* abuse of power by the majority, or one can have the majority compelled to do some needful act such as declaring a dividend, or one can sustain relief from wrongful acts of the majority. A court of equity can compel an accounting. It can look into excessive salaries paid to directors who are also officers.

What the Courts Frown Upon

It is really amazing to contemplate the number of actions that the courts have felt to be an outrage on the minority stockholder. Not only all fraudulent acts, but all acts of persistent negligence on the part of directors, as also *ultra vires* acts (that is acts not within the corporate powers or directors powers) have been subject to immediate relief in equity. The stockholder, of course, sues on behalf of the interest of the corporation. It is best to request the corporation to institute the suit against its own management first. They will neglect or refuse to do so and then the ground is clear. Stockholders should not be afraid, as they are not liable for libel in the allegations.

Remedies Against Errors

Outside of sheer fraudulent intent on the part of directors or majority there is the right of a common stockholder to move immediately against the issuance of preferred stock when it is inequitable to issue same. When stock is issued against inadequate consideration it is a fraud upon dissenting stockholders *only*. They must sue speedily. Any gross overvaluation of property for purchase is in and of itself fraudulent, without the proof of fraudulent intent. Several states have some statutory limitations on this principle, however. But best of all, if mortgages or other liens have been filed against a company to depress the market value of its stock, where watchfulness would have prevented it, there is *ipso facto* fraudulent intent.

The transfer of all or practically all of the assets of a corporation or of a franchise, requires unanimous consent, unless modified by statute. And the courts have gone so far as to rule that wherever a company is obviously being run for those in power, and their interest is against that of the corporation as a whole, that the court may take proper steps to remedy the situation. In the action of the Interstate Commerce Commission in ordering personal inquiries in the Van Sweringen mergers we have another clear instance of the emphasis on substantial justice.

A Guide to Stockholders

What the stockholder wants to know more than aught else is how he is to recognize when he has been made a gull. One typical instance will suffice. When a corporation that is reputed to be doing a fine business makes no money (officially) and where a subsidiary sales company, of which no one hears much, is also making no money, it may pay to enquire into the purchasing contracts of the subsidiary sales company. The "loss" may be in this little transaction. Or if a company's tendency is to issue balance sheets but not earnings statements, get busy at once. If the earnings statement has innumerable exceptions, so that its significance is subject to all sorts of indefinite allowances not as yet made, get very busy.

If the stock of a company suddenly turns much lower in a rising market, and the industry is doing well, there is a legitimate case for investigation. Above all the best way in which to protect oneself is to take nothing for granted and above all to read critically whatever literature or statements are received from the company, and the more elaborate they are the more they should be read. If one is not sufficiently skilled in the detection of left-handed accountancy, a good lawyer or accountant will sometimes well repay the cost of consultation.

Some Specific Instances

A few typical cases will best illustrate what can be done by a minority stockholder to defend himself in such contingencies. The cases drawn upon are not even a tithe of those which have been fought and won, but are selected because each one embodies a particular principle in all of its simplicity.

The General Deposit Agreement

In most reorganizations, pending the final ratification of a plan, the bondholders or stockholders agree to deposit their securities, subject to the order and full control of the reorganization committee, to be used for any purpose under the agreement. In other words, the complex 100-page deposit agreement, when all the verbiage is cleared away, is little else than a glorified power of attorney. As such, the securities-owner loses no rights except such as he would lose by granting any other power of attorney for any other specific purpose. But it has been by way of the general deposit agreement that the grossest impositions were effected in reorganizations, until the case of the Industrial and General Trust v. Tod et al, 180 New York 215.

In this case, the Birmingham, Sheffield and Tennessee River Ry. Co., defaulted on a first mortgage bond issue totaling $3,000,000. The reorganization agreement conferred almost unlimited powers on the reorganization committee. They were also to construe the agreement, or to abandon the agreement provided they return the deposited bonds. The Industrial and General Trust, a British stockholder, deposited under the agreement.

News leaked out that the property of the road had been sold for $500,000, the lowest possible figure under the agreement, to the committee assuming to act for the stockholders. The committee then organized a new company, of which they held all the stock, and issued martgage bonds totaling $3,000,000. They then offered a reorganization plan to the old bondholders, involving a considerable sacrifice. As they had gone ahead without the con-

sent of the bondholders, The Industrial and General Trust sued.

In ruling for the plaintiff the court held that any contract requires that the parties shall act in good faith, and that no human language can deny this right. In other words, if the committee had a right to construe the agreement, that right existed only so long as they acted in good faith for the bondholders. So, the court held that no agreement can deprive the security owner of those rights which he enjoys in law or equity. The implications of this decision are plain: that no amount of legal ingenuity can deprive a security owner of those rights which public policy requires he shall have. So that a stockholder in future reorganizations can perfectly well plead that his rights were violated merely because the committee obviously acted in bad faith.

A Defeated Reorganization Scheme

A case in which a stockholder was able to enjoin the issuance of a large amount of bonds and stock in exchange for debenture bonds, where the transaction was unfair and where the directors were personally interested in the debentures, is that of Pollitz v. Wabash R. R. (207 N. Y. 113).

The debenture bonds outstanding were about $29,000,000. It was planned to exchange these for $51,000,000 of refunding bonds, preferred stock and common stock. In Missouri, Illinois and Michigan this was illegal. It could not be done, even to save the corporation from bankruptcy. Not only that, but the directors authorizing such an issue are personally liable for the interest, but not for the principal, the bonds themselves being void. The directors, owners of the debentures, expected to clean up a fortune on the exchange.

The Right to Enjoin a New Issue

In Donald v. American Smelting and Refining Co. (62 N. J., eq. 729), the company sought to issue securities totaling $33,000,000 against $10,000,000 in value of plants, and the remaining $23,000,000 against leases, contracts and good will. Donald sued on the ground that a sufficient consideration was lacking for this issuance, and he was upheld and the issuance enjoined. If ever there was a case of David v. Goliath it was in this instance. The strict New Jersey viewpoint may not prevail elsewhere, but it is considered a valuable guide.

The Restitution of Dividends

The United States Cast Iron Pipe Company has a provision that its non-cumulative preferred stock is entitled to all earnings of the company up to 7% in any one fiscal year. In view of the fact that the stock is non-cumulative, the company did not pay the preferred dividend in those fiscal years when 7% was not earned, nor did it pay later. In 1923, a prosperous year, it declared a dividend not only on the preferred but also on the common. Preferred stockholders objected, and the court ruled that in any one fiscal year the preferred stock had due to it any earnings up to 7%; that a portion of this had been earned in previous fiscal years; that this was due but had been withheld, and that the preferred stock had a right to receive this sum, due but withheld, even if they received more than 7% in any one fiscal year. The $60,000 dividend disbursement on the common stock was rescinded, and ordered paid back into the treasury nor can any be disbursed until the foregoing claims of the preferred stockholders are satisfied.

Directly opposite to this is a case of a small company, a Delaware corporation, in which the charter provided that no preferred dividend should be declared unless fully earned within the fiscal year. For the first time in thirty years the company fell a little short of the requirements but the directors unthinkingly declared the preferred dividend. A common stockholder sued, and the dividend was ordered returned to the treasury, for part of the assets rightfully ascribable to the common stock had been alienated in favor of the preferred stockholders.

Miscellaneous Cases

Many times in THE MAGAZINE OF WALL STREET, the case of the Manhattan Ry. Co. stockholders has been dealt with. The issue there is peculiarly one of the rights of a minority stockholder, for the issue turns on whether an endorsement of an agreement upon the back of a stock certificate is a contract with the individual stockholder not subject to any resolution approved by a majority of the stockholders. So far the courts are favoring the minority view.

Every one remembers the struggle of Mr. Samuel Untermyer against the Pierce-Doherty control of the Pierce Oil corporation, in which the actions of a majority of common stockholders, technically clever, were overruled because of the charter rights of the preferred stockholders, which had been brushed aside.

A still more famous case was in the suit of United States Senator Couzens, important minority stockholder in the Ford Motor Company, in which an accumulation was broken up and a tremendous dividend declared to Couzens.

Minority stockholders still rejoice when they remember that approximately $2,000,000 was placed back into the treasury of the New Haven road, on account of the protests of a small minority.

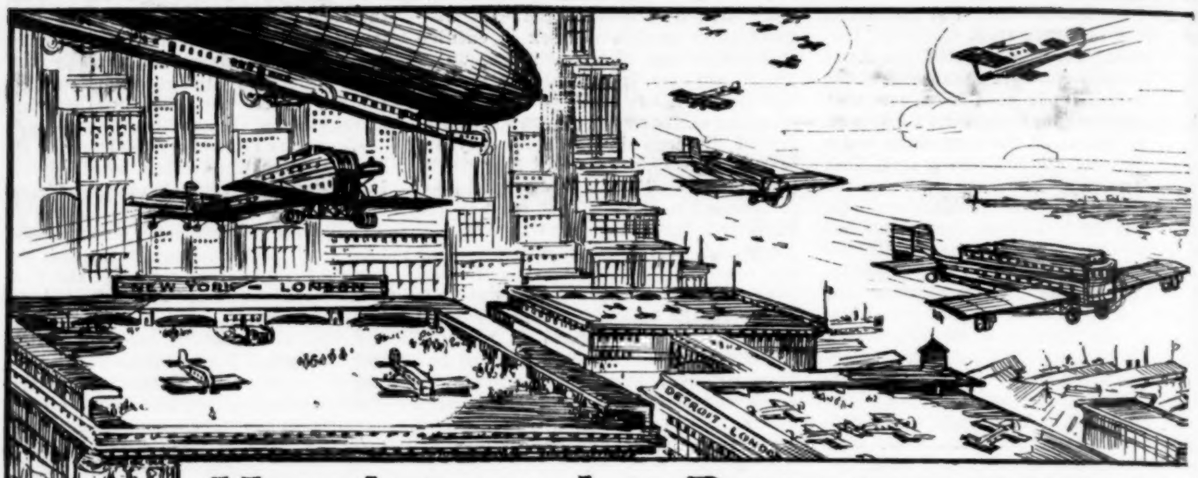
The far famed Boston & Montana case, in which the entire assets of the Montana company were transferred without the consent of the stockholders to a company organized in New York, to be exchanged share for share with the stock of the Montana Corporation, was beaten by a 100 share stockholder named Forrester and the thirty million dollar corporation put into receivership. The receivership existed to conserve assets during the trial of the issue, in which the minority stockholders declared that there was an obvious sinister purpose in the illegal transfer.

Where a Case is Not so Clear

The recent passing of the preferred dividend of the Producers and Refiners Co. came as a distinct shock to the financial community. The dividend, *prima facie* has been earned six times in 1924, and 1925 is a good year. Of course, all earnings have been calculated after making allowance for depreciation but not for depletion, and here is the rub. The dividend of a mining or an oil company is unique in that it includes capital depletion — the earnings include the loss of oil or ore. If it is proved that even so the accumulation is excessive, the preferred stockholder has a just claim.

No minority stockholder has any right to feel that he has to be a mere puppet who is compelled to put up with any injustice that overreaching managements may choose to inflict upon him. Rather let him feel that the courts are more inclined to favor him than ever before.

The Modern David



NEW AERIAL AGE REVOLUTIONIZING

Article II — United States on

BY

THE United States of America is awakening to the fact that we are a decade behind the world air developments. It is high time, if the reader will forgive the unintentional pun. For the country which does not keep abreast of the rest of this planet in aeronautical development will eventually lag behind in the industrial race, to say nothing of the matter of physical protection.

In the first article of this series, the writer traced the widespread growth of military and commercial aeronautics in other lands. It was shown how Europe today is crossed with aerial routes which carry passengers and freight, and what important further extensions are contemplated. It was pointed out how the air forces of European nations are growing in importance as military arms for offense and defense and how in time military aviation will overshadow if not entirely displace armies and navies.

Why Development Has Been Retarded

There are three main reasons why this country has not kept pace with the growth of the aeronautical industry. 1. The first is that the United States is not pricked on by that sharp spur of political fear which drives all European nations. 2. The second is that this country has never, and probably never will subscribe to subsidizing the aerial industry as is common practice abroad.

The third reason, and equally as important as the two already mentioned, is that we have no inclusive Federal regulations covering the air. Like the need of uniform divorce and Blue Sky laws the need for uniform air laws is insistent. Capital will venture only timidly or not at all into an industry whose laws are likely to be radically changed on short notice. In other words, capital demands to know "where it is at" and doesn't know at present in respect to aviation.

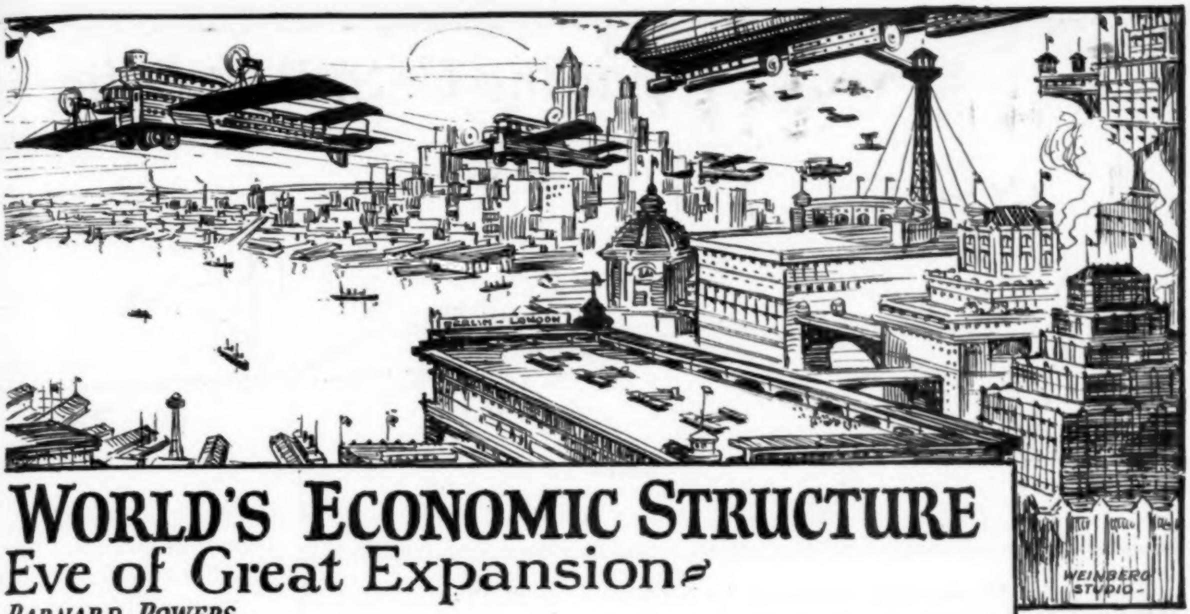
Fortunately there are excellent prospects that this last objection will soon be remedied. The Winslow Bill which was introduced at the last session of Congress, but which did not get out of committee, is likely to be passed at the next session. This bill is regarded as a very good piece of work and while, perhaps, far from perfect, provides a foundation on which the industry may proceed with confidence. It provides for a Bureau of Civil Aeronautics under the Department of Commerce and a definite set of air regulations for the guidance of the industry.

Instancing the present chaotic situation it might be mentioned that an enterprising legislator in one of our southern states (not Tennessee) suggested an air regulation bill which provided that no aviator should fly over anyone's property in that particular state *without first obtaining the permission of the owner of the property.*

New York City has passed a regulation that no one shall fly over the city at an altitude of less than 2,000 feet and there are other sporadic laws in other sections, but they are incomplete and often conflicting.

It is of interest to trace our aerial progress to date, and in this connection the writer is indebted to the American Aeronautical Chamber

The start of the transcontinental Air Mail from the New York end



WORLD'S ECONOMIC STRUCTURE
Eve of Great Expansion

BARNARD POWERS

of Commerce for much reliable information.

Following the war there was an incipient "boom" in aviation in this country chiefly founded on public curiosity. Ex-army aviators bought Government planes at bargain prices and installed themselves in empty lots where they took up passengers, charging anywhere from $10 to $25 per trip. For a while these "gypsy" fliers did a land-office business but eventually public curiosity waned, especially as it became apparent that owing to lack of proper regulation and inspection a trip with a gypsy flier carried an element of risk out of all proportion to the pleasure received. The trade of the gypsy soon waned.

In 1922, there were 450 airplanes in operation in this country which flew 2,846,037 miles and carried 75,268 passengers. Last year the number of airplanes in active operation had shrunk to 217 which flew less than a million miles and carried approximately 49,000 passengers. The Government has disposed of its surplus army planes and the gypsy flier is a fast vanishing race.

Following this initial phase there was a readjustment of the industry. The activities of airplane manufacturers and operators are now limited to those phases of aviation for which there is a demand. At the present time there are about 60 companies, firms or individuals engaged in operating air planes and their activities include carrying passengers, mail and freight, aerial photography, sight-seeing, instruction, crop saving and crop observation, forestry patrol, bootlegging, etc. Last year 159,564 pounds of aerial freight was carried, of which 88,500 pounds consisted of mail. The average charge per short flight was $4.73 and the average charge per passenger mile 39 cents. The average charge per machine hour was $40 and the average charge per pound mile .0018 cent.

In short, the industry in this country is away to a second start and on a basis which promises to be stable and to afford the foundations for a very great growth.

Commercial Aviation Developments

Commercial aviation seems to be on the brink of a great expansive movement in this country. Last year the Curtiss Exhibition Company, subsidiary of the Curtiss Aeroplane & Motor Company, flew 100,000 miles and carried 3,400 passengers to points as far distant as 1,000 miles from New York City. During the Republican National Convention a New York morning newspaper was delivered each morning in Cleveland. Each day two machines left Garden City with 500 pounds of newspapers so that the delegates at breakfast read the morning's news as interpreted by New York publications. The Curtiss Exhibition Company reports considerable demand for the Curtiss amphibian flying boat, particularly for low, photographic work around New York City.

The manner in which the Sandusky tornado was reported is of interest. The Curtiss Company had an aeroplane with a photographer over the scene on the morning following the evening when the disaster occurred. The pictures were developed in Cleveland and taken in a Curtiss Exhibition plane to New York and were published twenty-four hours after the event.

Increasing use is being made of airplanes in keeping down pests injurious to farm crops

What the U. S. Post Office is

A Map of the Latest

SCHEDULE EFFECT

WEST

LEAVE

New York	9.40	a. m.	E.T.
Bellefonte	11.50	p. m.	E.T.
Cleveland	2.30	p. m.	E.T.
Bryan	3.20	p. m.	C.T.
Chicago	6.00	p. m.	C.T.
Iowa City	8.20	p. m.	C.T.
Des Moines	9.05	p. m.	C.T.
Omaha	11.15	p. m.	C.T.
North Platte	1.20	a. m.	M.T.
Cheyenne	4.25	a. m.	M.T.
Rawlins	6.05	a. m.	M.T.
Rock Springs	7.55	a. m.	M.T.
Salt Lake City	9.10	a. m.	P.T.
Elko	11.30	a. m.	P.T.
Reno	2.15	p. m.	P.T.
Sacramento	3.35	p. m.	P.T.

EAST

LEAVE

San Francisco	8.45	a. m.	P.T.
Sacramento	9.20	a. m.	P. T.
Reno	10.50	a. m.	P.T.
Elko	1.25	a. m.	P.T.
Salt Lake City	4.40	a. m.	P.T.
Rock Springs	6.15	p. m.	M.T.
Cheyenne	8.55	p. m.	M.T.
North Platte	11.50	p. m.	C.T.
Omaha	2.25	a. m.	C.T.
Des Moines	3.20	a. m.	C.T.
Iowa City	4.45	a. m.	C.T.
Chicago	7.50	a. m.	C.T.
Bryan	9.40	a. m.	C.T.
Cleveland	12.25	p. m.	E.T.
Bellefonte	2.30	p. m.	E.T.

The Curtiss Metropolitan Company during 1924 continued its unbroken record of operations which antedate the Great War. It engaged in much passenger work near New York and in Florida.

Throughout the country there was much short flight passenger carrying by various companies and individuals and the Sky Writers' Corporation of America continued its unique cloud-writing work.

Big Capital at Last

The most important development, by far, last year was the entry of big capital into the industry. The Ford Motor Company, through Edsel Ford, formally announced its entry into the field of aviation. At Dearborn, Michigan, a few miles from Detroit, the Ford interests have established an air port of the first class. Complete services for airplanes and airships have been established and a mooring mast of improved design has been erected. The Aircraft Development Corporation, which is the name of the Ford Company, has acquired control of the Stout Metal Airplane Company and proposes to use Stout all-metal planes in their air experimentation work. This new company will at first carry only Ford cargoes between Detroit and Chicago and later between Detroit and Minneapolis, but it is no secret that Henry Ford intends to develop his new industrial venture into something much more ambitious.

The fact that a man with the resources and manufacturing talent of Henry Ford has interested himself in aeronautics, is an exceedingly encouraging sign for the future of the industry.

Another ambitious and big-capital aerial enterprise was also launched in 1924. The National Air Transport, Inc., was formed in Chicago under the best of financial auspices. Howard E. Coffin, a widely known engineer, member of the Naval Consulting Board of the United States and member of the Advisory Committee of Council of National Defense during the war, is president of this new organization. C. M. Keyes, president of the Curtiss Aeroplane & Motor Company, is chairman of the executive committee. Charles L. Lawrence, president of the Wright Aeronautical Corporation, is first vice-president, Wayne Chatfield - Taylor and Eugene W. Lewis, a Detroit banker, are second and third vice-presidents respectively. John J. Mitchell, Jr., son of the president of the Illinois Merchants Trust Company, is treasurer and Paul Henderson, second assistant Postmaster General is general manager.

$10,000,000 *Capitalization*

The national Air Transport Company, Inc., has an authorized capitalization of $10,000,000 of which $2,000,000 was paid in at the time of organization. The company's articles of incorporation state the purposes for which the company was formed are to transport by aircraft in interstate commerce, freight, securities and articles of merchandise of every nature and description; to carry mail under contract with the United States Government; to acquire by purchase or otherwise, to own, lease, operate, sell or otherwise dispose of aircraft of every nature and description, the motors therefor and accessories thereto. It is understood that the company's first objective will be the operation of an overnight air express between the Atlantic Coast and the Great Lakes.

Some idea of the backing to this enterprise may be gained from the list of directors who are:

Trowbridge Callaway, Callaway, Fish & Co., Leonard Kennedy, Leonard Kennedy & Co., C. M. Keyes, C. L. Lawrence, Jeremiah Milbank all of New York. From Chicago are recruited Lester Armour, Armour & Co., Philip K. Wrigley and

Doing for Air Mail Service

Air Mail Routes

IVE JULY 2, 1925

WEST

ARRIVE			
Bellefonte	11.30	p. m.	E.T.
Cleveland	2.10	p. m.	E.T.
Bryan	3.00	p. m.	C.T.
Chicago	5.40	p. m.	C.T.
Iowa City	8.00	p. m.	C.T.
Des Moines	9.00	p. m.	C.T.
Omaha	11.00	p. m.	C.T.
North Platte	2.00	a. m.	C.T.
Cheyenne	4.10	a. m.	M.T.
Rawlins	5.45	a. m.	M.T.
Rock Springs	7.40	a. m.	M.T.
Salt Lake City	9.55	a. m.	M.T.
Elko	11.15	a. m.	P.T.
Reno	2.00	p. m.	P.T.
Sacramento	3.30	p. m.	P.T.
San Francisco	5.00	p. m.	P.T.

34 hours, 20 minutes.

EAST

ARRIVE			
Sacramento	9.15	a. m.	P.T.
Reno	10.35	a. m.	P.T.
Elko	1.10	p. m.	P.T.
Salt Lake City	3:25	p. m.	P.T.
Rock Springs	6.00	p. m.	M.T.
Cheyenne	8.40	p. m.	M.T.
North Platte	10.30	p. m.	M.T.
Omaha	2:10	a. m.	C.T.
Iowa City	4.25	a. m.	C.T.
Chicago	7.35	a. m.	C.T.
Bryan	9.25	a. m.	C.T.
Cleveland	12.10	p. m.	E.T.
Bellefonte	2.15	p. m.	E.T.
New York	5.00	p. m.	E.T.

29 hours, 15 minutes.

William Wrigley, Jr., Robert P. Lamont, president American Steel Foundry Company, and Earle H. Reynolds, president Peoples' Trust & Savings Bank.

Among the Detroit directors are Howard E. Coffin, vice-president of the Hudson Motor Car Company, William E. Metzger, president Detroit Aviation Society, Walter O. Briggs, Briggs Manufacturing Company, Harold H. Emmons, George M. Holley, president Holley Carburetor Company. At large, John Hays Hammond, C. F. Kettering of General Motors Research Corporation, W. J. Austin of the Austin Company, Cleveland, Ohio, C. T. Ludington, Ludington Exhibition Company, and William A. Rockefeller are directors.

Among the stockholders are Stuyvesant Fish, Glenn H. Curtiss, F. Trubee Davison, and Roy D. Chapin.

Big names do not necessarily make a successful corporation as investors have often found in times. But there are certain very obvious advantages of operating under the best auspices and those advantages would appear to accrue liberally to the National Air Transport Company.

In the company's articles of incorporation occurs a paragraph which permits the directors in a time of national emergency and at their discretion, to turn over all or any part of the organization to the Government. From the two large-capital and well sponsored aircraft companies launched last year the industry expects much.

When the airplane was invented and demonstrated no one probably ever had the slightest idea that it would become an important factor in crop conservation. Yet today the airplane is the most powerful weapon against the boll-weevil, the curse of the South's greatest crop. So widespread and so intensive has been the damage done by the boll weevil in recent years that it has seriously threatened the very existence of the cotton growing industry. Upwards of half a million acres of cotton are yearly attacked by the boll-weevil, costing the South upwards of $200,000,000 annually.

The most effective anti-boll-weevil agent to date is calcium arsenate which is best applied after a rain or in the morning when the dew is still on the cotton plants. Hand and mule team application is slow, cumbersome and expensive. Airplanes are being used most effectively for this work and also for the extermination of other crop pests. Last year 10,000 peach trees on a Georgia plantation were dusted with a compound of arsenate of lead and hydrated lime in *one hour and fifty-five minutes* which includes trips for new loads of poison. Early this year operations were extended to include 1,000 acres of peach trees. This Fall extensive dusting experiments will be carried on among the pecan groves of the South. A corporation has been formed to carry on this work and its headquarters are at Macon, Ga. In dusting cotton fields the plane is flown at the rate of about 90 miles per hour above the field and dust cast from the hopper is caught in the propeller blast and distributed over a path about 200 feet in width. Dusting from the air saves from 50% to 60% of the calcium arsenate used and the element of time-saving is enormous. A mule-drawn, negro-operated ground machine, for instance, covers 30 acres in one night. *One airplane can dust from* 200 *to* 1,000 *acres in an hour*, depending upon local conditions. In caring for the cotton industry alone it is estimated that 2,500 airplanes could be profitably used.

The Government continued last year its extensive aerial crop survey experiments begun in 1923, thus, there has been a fairly complete photographic survey of the rice producing area of Louisiana. Development of this work will be dependent upon

(*Continued on page* 759)

Money, Credit and Business

The Passing Scene of Business

An Intimate Picture of the Crop and Industrial Situation—Fall Prospects

By ARCHER WALL DOUGLAS
Ex-Chairman, Committee of Statistics, U. S. Chamber of Commerce

THIS article describes rather comprehensively the situation as affecting agriculture on which our prosperity is necessarily based. It has the unique merit of being the result of an unusual amount of first-hand information, much of it not generally available to the public. Mr. Douglas, of course, is one of the best known business statisticians in the country.

FOR over thirty years it has been my good fortune to have come to me, every little while, from the four corners of the United States, the story of business events and happenings of every industry great and small. It is always remarkable for the facts that it discloses, and for the scant space given to statistics; for facts and statistics are not always convertible terms.

It is the record of much observation and long experience on the part of those who send the message, and who are the most reliable and accurate reporters who have ever come within my ken. The story deals largely with local happenings and brings out strongly the amazing importance of apparently little matters. In certain sections of south Texas there are localities where the raising of mohair goats, or of pecans, means everything to the dwellers in these spots. Equally is this true of the upper half of Maine as regards potatoes, where the growing of these tubers is only of fifty-fifty importance compared with the finding of an adequate and remunerative market.

Consequently the condition maps made up from these stories are largely mosaics of often conflicting situations side by side, rather than those long stretches of like coloring which betray the nature and weakness of the maps constructed from partial reports and statistics, supplemented by guesses.

Cotton Situation

This commingling of unlike conditions is strongly marked in Texas where for some months the rain has failed to fall on the just and the unjust alike, but is distributed purely by sections without any rhyme or reason that can be disclosed by weather lore. This is true, however, of all those semi-arid Great Plains States which stretch northward from Texas to the Canadian border. Hence in these commonwealths, agriculture is a gamble with the weather, which comes in cycles of dry years and of wet years associating themselves together after their kind. For the weather of recorded time is like unto the Eternal Feminine in that it altereth not.

The long and pitiless drought in central and south Texas is of utmost moment because of the far reaching effect it may have upon the cotton crop. The growing plant is doing well, with largely increased acreage outside of the particular dry area in Texas, and a general rain in this section would entirely change the face of affairs. The crop generally outside of Texas is most spotted, good where there has been sufficient precipitation and doubtful where it is lacking, but with timely rains usually coming when the situation grows serious.

Estimates of the final yield are many and perplexing, though in sober truth they are more entertaining than convincing. Cotton is never finally made until the first of October, for September is a fateful month sometimes with too much rain, the most destructive of all weather happenings, sometimes with an early frost that puts an end to all growth, and at times with the utmost good fortune of a long, warm, dry month when the plant goes on blooming and fruiting. And it is all these chances that make the obsession of cotton growing. There are great expectations of a generous yield in all sections other than in the drought area of Texas, and especially is the outlook most promising in the Central South and across the Mississippi River in Arkansas and Louisiana.

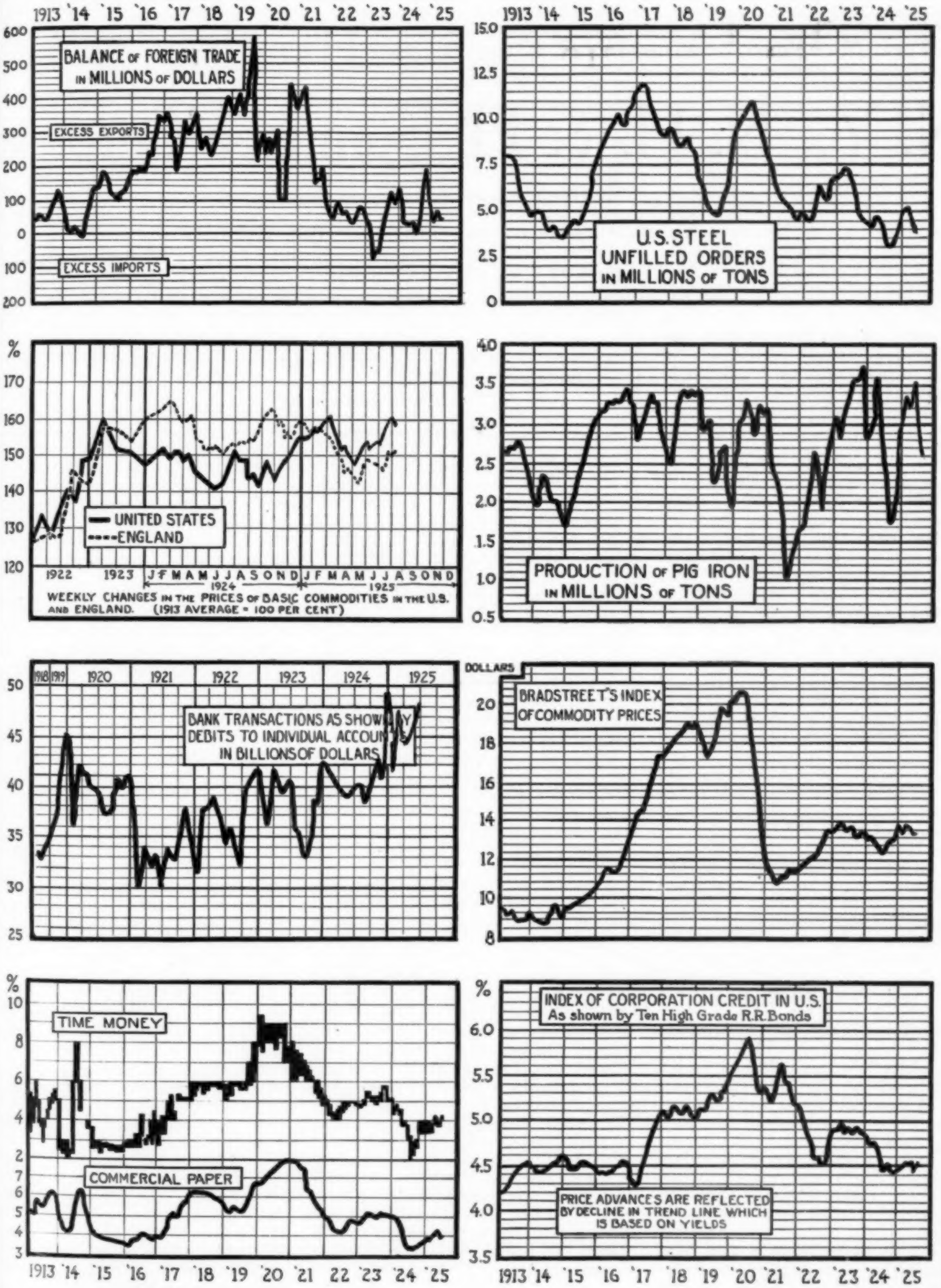
Insect damage so far is very slight, due largely to a rather dry spring when boll weevil and such predatory bugs do not arrive, nor multiply as usual. Cotton in plenty, and at paying prices to the grower, will put the South another long step forward in the progress she has been making for the past three years in the way of paying up of old debts, adopting more modern methods of agriculture, such as liberal fertilizing and the increased use of labor-saving machinery. There will also be more construction on the farms, for there has been but little since the war, and all the reports dwell on the need of better farm buildings, and of more barns and cribs as storage for the crops. There is another cotton section coming into being in the irrigated deserts of southern New Mexico, southern Arizona, and the extreme southern portion of California. There is no rain there worth noting but instead abundance of water from the Rio Grande, Salt, Gila, and Colorado rivers. There are no destructive insects, but unlimited sunshine.

So in certainty of yield and production per acre these once desert regions have unassailable advantages over the rest of the country, their only limitation being lack of water at present to greatly increase their present output and their long distance from consuming centers. They are doing much, however, to provide native long staple fiber, as the boll weevil has about put the Sea Island fields on the Atlantic Coast out of business.

The boll weevil is still an unsolved problem, but great yields are still being made in spite of it, or rather her, for it is the deadly female of the species that does the greatest harm. It is none the less true that her existence and the damage she does adds much to the cost of raising cotton. What has been demonstrated in the past three years is that cotton culture will always be

(Please turn to page 776)

THE TREND OF MANUFACTURE, TRADE & COMMERCE



Railroads

New York, New Haven and Hartford R. R. Co.

N. Y., N. H. & H. Springs a Surprise

Road Makes Swift Comeback—Sizable Surplus for Stock Probable This Year—Outlook for Securities

By VINCENT GUY SANBORN

New Haven's Financial Picture

		Stocks and bonds in hands of public	Gross Revenues	Net Income
1921	Stocks	$157,117,900	$116,405,233	def. $14,121,623
	Bonds	301,128,363		
1924	Stocks	157,117,900	127,213,698	2,998,650
	Bonds	301,828,766		

LAST April, the "passengers turned crew" and put the old New Haven line back on its feet. The process of putting their shoulders to the wheel for a concerted shove forward surprised all those who were active participants by its utter simplicity.

Within the past few weeks, the Interstate Commerce Commission and the New York State Public Service Commission have also done their bit with the result that New Haven now faces a period of comparative affluence. It is in the cards, the statisticians say, that New Haven's earnings during the current year, based on reports to date, will approximate 4 per cent on the total outstanding capital stock.

This is indeed in sharp contrast with the situation but a few short years ago. After Federal control everybody said sorrowful things about poor old New Haven. Today, while not exactly an object of envy, the position of the company's stock seems to indicate that there has been a marked increase in the number of the road's friends. Less talk is heard about the industrial crisis in New England. In fact, it is said on excellent authority that the management is pursuing a most aggressive policy in the matter of finding occupants for factories which have been idle because of the emigration of cotton goods and shoe manufacturers.

A Fine Comeback

New Haven's comeback is one fine bit of railroad romance but it is a story which has been told and retold. The talk at the time the $23,000,000 issue of maturing bonds was refunded indicated that New England manufacturers were firmly behind the management in its efforts to win its way into the ranks of favored roads. While the success of the refunding operation was generally hailed as a magnificent response on the part of the investing public it is nevertheless a fact that substantial financial support was forthcoming before the issue got outside the financial district. Banks here were liberal subscribers as were insurance companies and industrial and accessory concerns which did business with the road. The response was possible because the road showed promise and also because of the general realization that help in its time of need would spell success while failure to aid meant a truly mean situation.

The road today barely resembles the line which, in the midst of the shopmen's strike of 1922, decided to "carry on" instead of lying down and letting labor do its worst. As a matter of fact, labor did its worst but still New Haven came back.

This much of the New Haven picture is clear to the most minute detail. One or two corners remain to be brought into focus. The great unknown at the present time is the road in relation to the question of consolidation. Samuel Rea, president of the Pensylvania Railroad, recently remarked that no consolidation solution in the East was a solution at all unless it considered the New England situation. The reply which the New York Central, Baltimore & Ohio and Nickel Plate made to this challenge was that they all three were greatly interested in the welfare of New England and its railroads and would proffer aid whenever it was deemed advisable. However, there is a marked tendency on all sides at the present time to maintain a "hands off" policy where New England is concerned.

Expenses Cut

The New Haven of today is a good road. The management has succeeded in reducing expense items until the operating ratio is nothing to be ashamed of. In fact, comparative figures indicate that it deserves consideration even among some of the truly strong roads in the East. Federal control left the New Haven with an operating ratio in the neighborhood of 102 per cent. Last year, the ratio of expenses to revenues had been brought down to 75 per cent. This year to date reveals an operating ratio slightly below this last figure. Last year New Haven's gross was somewhat below that of 1923 but operating income—the figure which means most of all—showed up 6.5 millions more. This left a surplus of about 3 millions or $1.90 a share on the capital stock.

In Splendid Condition

Physically, New Haven is in splendid condition. Improvements are being put through at a steady pace. Recently it was made known that henceforth all of the heavy traffic between New York and New Haven would be handled exclusively by electric power. Just a few weeks ago electrical operation of New Haven's Danbury branch was started. The outlook from a traffic viewpoint is encouraging. More traffic means higher gross revenues. The motor truck, however, is claiming its full share of the short haul business and on the ability of the road to cope with this competition depends in large measure its future prosperity.

New Haven is now able to look for-

ward with pleasing anticipation to the prospect of having some of its subsidiaries turn in an increased income to the coffers of the parent company. Both the Connecticut Company, which operates the trolleys serving Connecticut, and the New York, Westchester & Boston, serving a growing clientele in Westchester County, are apparently in a position where they can be a real help to the New Haven managers.

Interesting Statistics

In 1924, New Haven reported total operating revenues of 127 millions, a decrease of 6.7 millions from the previous year. Last year's gross compares with 123 millions in 1922 and with 116 millions in 1921. Freight revenue last year decreased 3.7 millions from the 1923 level. There were over 27 million tons of revenue freight carried during the year, a decrease of 1.6 million tons. Revenue loadings in 1922 amounted to 24 million tons, and in 1921 to 21.9 million tons.

New Haven's passenger business last year netted the road $1,689,831 less than in 1923. There were over 76 million revenue passengers carried, compared with 84.7 millions in 1923; 88.8 millions in 1922 and 90.8 millions in 1921. The average revenue per passenger mile was 2.720 cents as compared with 2.690 cents in 1923. Recent decisions of the Interstate Commerce Commission authorizing an advance of 20% in commutation charges on interstate travel and of the Public Service Commission granting a 40% in intrastate rates are estimated by traffic experts to have provided the means by which New Haven can realize not less than $500,000 nor more than $1,000,000 more annually from its commutation service. The reason for the wide range between the two figures has been explained because of the uncertainty as to how many of the present regular passengers will take up the use of motor buses or else drive their own automobiles further into the city. There are many, however, who look for the increase to come much nearer the million than the half-million-dollar figure.

The present management has a close grip on the road's purse-strings as is seen from the fact that last year, "general increased efficiency, decreased cost of fuel, improved condition of rolling stock and decrease in freight traffic, resulted in a decrease in operating expenses of $10,335,770, compared with the previous year." This is the estimate of E. J. Pearson, president of the company, discussing this point in his annual report to the stockholders. The management cut the outlay for maintenance of way and structures by $456,556, or 2.79% from the 1923 level. Maintenance of way called for 12.52% of gross revenues. The charge for maintenance of equipment was reduced by $4,677,209, or 14.52%, the total cost in this direction representing 21.65% of gross as compared with 24.05% the previous year.

Seven Millions for Improvements

Last year New Haven spent for improvement of the property a total of 7.0 millions. The largest item in this amount was 3.4 millions for road and equipment. Additions and betterments were added to the extent of $786,416. In 1923, the total outlay for improvement of the property was 7.7 millions, of which 5.2 millions went for road and equipment and $464,103 for additions and betterments.

New Haven's balance sheet as of December 31, last, showed total assets of 538.4 millions, an increase of 7.7 millions. Current assets stood at 29.5 millions, an increase of 3.1 millions, while current liabilities amounted to 16.6 millions, a decrease of 2.1 millions. The management ended last year with $10,690,000 actual cash on hand.

By refunding its European loan which fell due last April, into 15-year secured gold 6% debentures, New Haven disposed of an item which promised to give some trouble. The road now has no important maturities for a number of years. The most important of the road's bonds are the various issues of debentures. Among these may be found the 4s and 3½s of 1947; the 3½s of 1954; the 4s of 1955; the 3½s and 4s of 1956; the 6s of 1948, and the Consolidated Railway debenture 4s of 1954; the 4s of 1955, and other smaller issues, which are secured on equal terms with the first and refunding mortgage bonds. The first and refunding bonds, series A to D, totaling $99,168,000, are all pledged with the Secretary of the Treasury as partial security for collateral gold notes. The New Haven owes the Government about $91,000,000 for past favors. *Those who follow New Haven's affairs are convinced that, while the debentures perhaps cannot now be classed as high-grade investments, there is more than a possibility of higher prices for this class of security if earnings and the road's present favorable position are maintained.*

The 4s of 1957 are not secured under the first and refunding mortgage and are now considered as a fairly good speculative investment. The Central New England first 4s of 1961 are also held in favor.

New Haven common stock looks good for a long pull with more than an even chance for higher price levels within a comparatively short period. The high point during the past ten years was recorded in 1915, when the stock sold as high as 89. The present activity in the road's securities marketwise, is taken to mean the complete restoration of the buying public's confidence in the future of the property.

THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD CO. OPERATED AND CONTROLLED LINES.

Public Utilities

Brooklyn-Manhattan Transit Corp.

Dawn of New Day for Brooklyn-Manhattan Stockholders

Recent Developments in the New York Traction Situation — B. M. T.'s Dividend Prospects

THE New York traction situation is still badly tangled insofar as its political aspects are concerned. From the standpoint of operating results, however, Brooklyn-Manhattan Transit is beginning to justify the hopes of patient stockholders. Its seven years of famine may not be followed by seven years of plenty, but the future promises at least an end of want to the dividend hungry common stock.

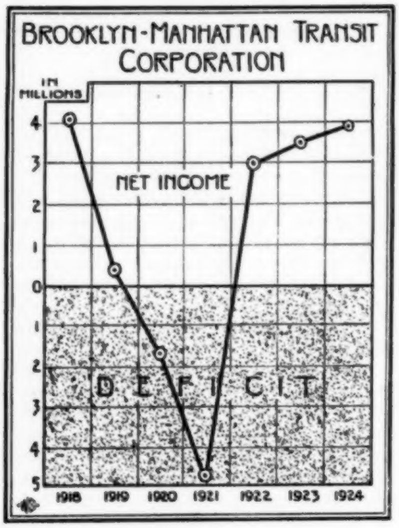
Those who contributed to the $35 a share assessment on the old Brooklyn Rapid Transit common do not need to be reminded of the difficulties which led up to this drastic levy. To fully appreciate the present position of the Brooklyn-Manhattan system, however, it is necessary to recall them.

The Five-Cent Fare

The troubles of the old company started with the opening of the World War and the election of a City Administration committed to worship a five-cent fare. Like so much poison gas, inflation mowed down one traction company after another. The war directly robbed the local utilities of thousands of experienced workers and thus crippled their efficiency. Indirectly, it boosted wages, interest rates, commodity prices, practically every item entering the public utility budget, to unprecedented levels.

Electric and gas companies sought and secured relief from the various regulatory bodies. Even the still bedeviled tractions have finally obtained decent treatment in leading cities. In New York, unfortunately, the only avenue of escape from steadily mounting costs has remained fast closed to the two big transit systems. Most of the surface lines are bound to a five-cent fare by their charters or franchises. The subway companies are so held by contracts with the City of New York.

Though the City Administration has power to modify these contracts, it has found maintenance of the five-cent fare too fat a political issue to relinquish. It has refused to release the local com-



panies from the obligations imposed by their contracts. Hence, while the time honored nickel is a relic of the past as a medium of exchange for trolley rides in other parts of the country, it remains the "open sesame" to New York's subway and elevated lines.

In the face of these conditions, Brooklyn Rapid Transit fell an easy prey to financial stringency in 1918. Operating expenses exceeded revenues, interest charges could not be met. To cap the climax, a disastrous wreck in the Malbone Street Tunnel involved the company in damage claims totaling 2.2 million dollars. The result was receivership.

The Reorganization of B. M. T.

The reorganization of 1923 called upon common stockholders for payment of 26.05 million dollars out of which the damage claims, receivership expenses and other obligations of the company were paid. The new Brooklyn-Manhattan Transit Corp. thereupon succeeded Brooklyn Rapid Transit as the holding company of the latter's subway, surface and elevated lines, beginning operations with 5 million dollars cash.

Underlying liens of the system were undisturbed and the new holding company emerged with 769,911 shares of no par common stock, 249,468 shares of no par $6 preferred and 139.28 million dollars of funded debt. Of this last named sum, 92.69 millions comprise the present secured 6% bonds of the Brooklyn-Manhattan Corporation. This issue is protected by pledge of securities of the subsidiary companies.

The reorganization plan authorized a 50-million dollar issue of prior lien bonds to provide for future financing. None of these bonds has been sold thus far, but it is probable that they will be utilized when the opportunity for additional subway construction arises.

Just when this will occur is problematical, for here again the bugaboo of politics casts its shadow across the traction situation. In 1913, the Brooklyn Rapid Transit, the Interborough and the City of New York drew up what are now commonly called the "dual subway" contracts. Under these, the City was to build a number of subway lines which the companies were to lease, operate and equip.

The City has yet to carry out, in full, its part of these agreements. In the case of Brooklyn-Manhatan, failure to build certain parts of the contemplated lines and the car repair shops provided for in the contract was made the basis for a damage suit. The company is endeavoring to establish a claim of 30 million dollars alleged to have been lost to it by virtue of the continued delay in fulfillment of the City's agreement. In this connection, it is interesting to note that a similar suit by the United States Realty & Improvement Co. resulted in a decision for the latter last February.

Crisis Reached

Meanwhile, the need for relief from steadily increasing transit congestion

has become so acute as to call for investigation on the part of the Governor of the State. In December, last year, Judge John V. McAvoy was appointed to conduct an inquiry into the causes for obstruction to the building of badly needed transit facilities. The findings of Judge McAvoy were transmitted to Governor Smith in February. Responsibility for the delay in new construction was placed squarely upon the Mayor and the Board of Estimate.

From the viewpoint of Brooklyn-Manhattan, the report of Judge McAvoy is decidedly constructive and suggests that the turn in New York's traction crisis has been reached. It so happens, however, that New York City faces a mayoralty election this Fall and the traction problem has, apparently, been relegated to limbo until the political atmosphere shall have cleared.

Obviously, much depends upon political developments during the next few months. Should the present incumbent fail of reelection or renomination, it is entirely conceivable that a new administration would take a more reasonable view of the City's traction needs.

Under the dual subway contracts, the City has invested large sums in subway construction from which it is securing no return. The companies are entitled to preferential payments before any sums can become available to meet the interest and sinking fund charges on New York's transit commitments. While Brooklyn-Manhattan has managed to show good earnings on a five-cent fare, actually, the taxpayers have borne the burden of the City's unprofitable investment. The nickel ride, in other words, is little more than sham.

A considerably higher fare is required to make possible the building of new subways since capital cannot be drawn from private investors with the local industry in its present situation. Nevertheless, Brooklyn-Manhattan is not at a serious disadvantage even though building is delayed. So long as the present condition prevails, increased crowding on the subway and elevated lines has tended to swell revenues.

The areas served by Brooklyn-Manhattan have a record of continuous growth. The boroughs of Brooklyn and Queens, particularly, have shown remarkable gains in population of late years. Obviously, the effect has been to throw a heavier load upon the transit facilities, requiring more intensive use of existing equipment.

Increase in Passenger Traffic

Passenger traffic over these lines has increased from 265 millions in the fiscal year ended June 30, 1918 to 539 millions for the twelve months ended June 30, 1924. The surface lines have done little better than hold their own, owing largely to increased bus competition. The bus problem is also complicated by politics but the company would seem in little danger of being driven from the streets on this account. It is protected by franchises and has itself established several bus lines.

The steady increase in traffic density is reflected in the rise of Brooklyn-Manhattan's gross revenues from 30.35 million dollars, in the 1918 fiscal year, to 40.03 millions for the year 1924. Despite the inadequacy of present fares, operating economies have saved a fair share of these increasing revenues for the company's security holders. Labor-saving devices, such as automatic turnstiles, one-man cars and the like, have contributed to this result.

Thus, in 1923, the first year of operation of the present company, net income amounted to $2.74 a share for the common stock. In the following twelve months, net profits rose to $3.23 a share. Earnings for the first eleven months of the 1925 fiscal year indicate a balance of approximately $5 a share for the junior issue. Since large sums have been expended in bringing the properties to a high state of efficiency, these results do not fully measure the actual improvement in earning power.

In the 1921 fiscal year, for example, expenditures on account of maintenance of roadway, structures and equipment amounted to 8.05 million dollars. In the twelve months ended June 30, 1924, more than 9.04 millions were so spent. These sums compare with 5.11 million dollars laid out in maintenance for the twelve months immediately preceding the 1918 financial collapse.

The company's financial status is strong. As of June 30, 1924, Brooklyn-Manhattan reported working capital of 6.29 million dollars.

In considering the prospects for Brooklyn-Manhattan common, the company's suit against the City of New York and the possibilities of a turn in the adverse political situation must be viewed from the standpoint of the speculative. One other bit of litigation having a bearing upon the speculative aspect is that resulting from separation of the Brooklyn City Railroad Co. and the Brooklyn Rapid Transit during the period of receivership.

The former company was operated under lease to the Brooklyn Heights Railroad Co., a subsidiary of the B. M. T. Brooklyn-Manhattan is endeavoring to recover 10 million dollars said to have been expended by it for construction and improvements to the Brooklyn City properties. There is a possibility that this suit will be settled on a basis to permit reacquisition of the Brooklyn City surface lines which now cover an important part of the metropolitan district.

Conclusion

Weighing all these factors, therefore, the common stock at 54 affords a medium for speculation in which failure of legal or political factors to work out favorably would still leave room for recognition of the brightening, long-range, dividend prospect.

The $6 preferred stock at recent prices around 82 is attractive as a medium-grade investment, yielding as it does 7.3%. Dividends on this issue become cumulative after July 1, 1926. The Secured 6s of 1968 are a direct obligation of the company and, while not secured by mortgage, are entitled to consideration as an attractive investment. At prevailing prices around 90, the yield is 6.7% to maturity.

The Story of Brooklyn-Manhattan in Figures

Year Ended June 30	Total Passengers Carried	Operating Revenue	Net Income	Earned per share Pfd.	Earned per share Com.	Profit & Loss Surplus
†1918	520,969,604	$30,348,083	$4,112,054	*	$5.52	$12,812,582
†1919	565,826,869	33,121,857	420,924	*	0.56	not available
†1920	659,023,632	33,723,751	D-1,713,590	*	def.	not available
†1921	629,701,735	30,817,341	D-4,880,934	*	def.	not available
†1922	696,796,872	34,544.093	3,087,419	*	4.20	6,332,319
1923	745,576,885	36,899,295	3,587,753	$14.58	2.74	‡10,022,658
1924	805,490,485	38,376,581	3,986,059	15.98	3.23	12,268,214

*Old company had no preferred stock. †Figures for Brooklyn Rapid Transit Corp. ‡As of Dec. 31, 1923. D—Deficit.

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

HIGH GRADE

(For Income Only)

Non-Callable Bonds:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Great Northern Genl. 7s, 1936	(c)	110	5.75	2.85
Atlantic & Danville 1st 4s, 1948	(a)	78	5.70	....
Western Union Telegraph Co. 6½s, 1936	(a)	111½	5.15	e 1.75
New York Edison Co. 6½s, 1941	(b)	114	5.20	3.30
Chicago & Northwestern 7s, 1930	(b)	108	5.15	1.80
Delaware & Hudson 7s, 1930	(b)	109	5.00	2.10
New York Dock Co. 4s, 1951	(a)	79½	5.40	2.70

Callable Bonds:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Armour & Co. Real Estate 4½s, 1939	(a)	89½	5.50	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	100	5.50	1.41

MIDDLE GRADE

(For Income and Profit)

Railroads:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Cuba R. R. 1st 5s, 1952	(a)	86	6.05	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	75	5.90	1.25
Western Pacific 1st 5s, 1946	(c)	92½	5.60	2.40
New York, Ontario & Western Rfd. 4s, 1992	(a)	68½	5.85	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	100	6.00	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	92	5.75	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	90	5.55	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	94	5.35	1.10
Boston & New York Air Line 4s, 1955	(a)	68	6.40	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	90	5.75	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	103½	5.90	1.50
Rutland R. R. 1st 4½s, 1941	(a)	88	5.65	1.76

Industrials:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
South Porto Rico 1st Mtg. and Col. 7s, 1941	(b)	104½	6.50	2.20
Sinclair Pipe Line 5s, 1942	(b)	86	6.35	g 2.50
Goodrich, B. F., Co., 1st 6½s, 1947	(b)	104	6.15	e 2.40
California Petroleum Corp. 6½s, 1933	(c)	103¾	5.90	4.80
International Paper Co. 5s, 1947	(a)	91½	5.65	3.50
U. S. Rubber 5s, 1947	(c)	88½	5.85	2.05
Bethlehem Steel Co. 5s, 1936	(a)	93	5.90	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	94	6.00	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	100½	5.95	g 1.25
Union Bag & Paper Co. 6s, 1942	(b)	97½	6.25	f 4.40

Public Utilities:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Manhattan Railway Cons. 4s, 1990	(a)	63	6.40	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	95⅝	5.65	2.40
Ohio Public Service 7s, 1947	(c)	111	6.15	f 2.00
United Fuel Gas 6s, 1936	(b)	102	5.70	e 7.00
Virginia Railway & Power 5s, 1934	(a)	97	5.15	2.00
Hudson & Manhattan Refunding 5s, 1957	(c)	90	5.70	2.60
American Gas & Electric 6s, 2014	(c)	97½	6.15	2.00
American Power & Light Deb. 6s, 2016	(c)	96¼	6.25	3.00
Kansas Gas & Electric 6s, 1952	(b)	101½	5.85	1.80
Havana Elec. Ry. Light & Power 5s, 1954	(a)	93¾	5.45	5.00
Commonwealth Power Corp. 6s, 1947	(c)	102	5.85	4.50
Manitoba Power Company 7s, 1941	(c)	103½	5.60	....

SPECULATIVE

(For Income and Profit)

Railroads:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Chesapeake & Ohio Conv. 5s, 1946	(b)	106	4.50	1.65
Erie Genl. Lien 4s, 1996	(b)	62½	6.50	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(c)	92	6.60	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	90¾	5.60	1.10
International Great Northern Adj. 6s, 1952	(c)	73½	6.00	....
Chicago Great Western 1st 4s, 1959	(a)	63	6.60	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	65½	6.80	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	88	6.15	....

Industrials:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Pan Amer. Petroleum & Transport Conv. 6s, 1934	(c)	107½	4.95	25.00
Cuba Cane Sugar 7s, 1930	(c)	95	8.25	2.15
International Mercantile Marine 6s, 1941	(b)	83	7.90	2.50
American Agricultural Chemical Co. 7½s, 1941	(b)	103½	7.10	....
Warner Sugar Refining Co. 1st 7s, 1941	(c)	93	7.80	....

Public Utilities:

Bond		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Empire Gas & Fuel 7½s, Series "A," 1937	(c)	104½	7.00	3.30
Brooklyn-Manhattan Transit 6s, 1968	(c)	90	6.70	f 1.50
Chicago Railways 1st 5s, 1927	(a)	78	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957	(b)	76	6.85	2.00
Interboro Rapid Transit 5s, 1966	(a)	65	7.55	0.90
Third Avenue Railway Rfd. 4s, 1960	(b)	56½	7.60	i 1.35

¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operation of railroads.

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

BONDS

MONEY rates showed indications of a hardening tendency during the last two weeks. Call money commanded a substantial fraction over the rates which have been ruling the greater part of the summer and for the first time money was also slightly higher, indicating that bankers anticipate a more active demand from industrial and commercial channels during the fall.

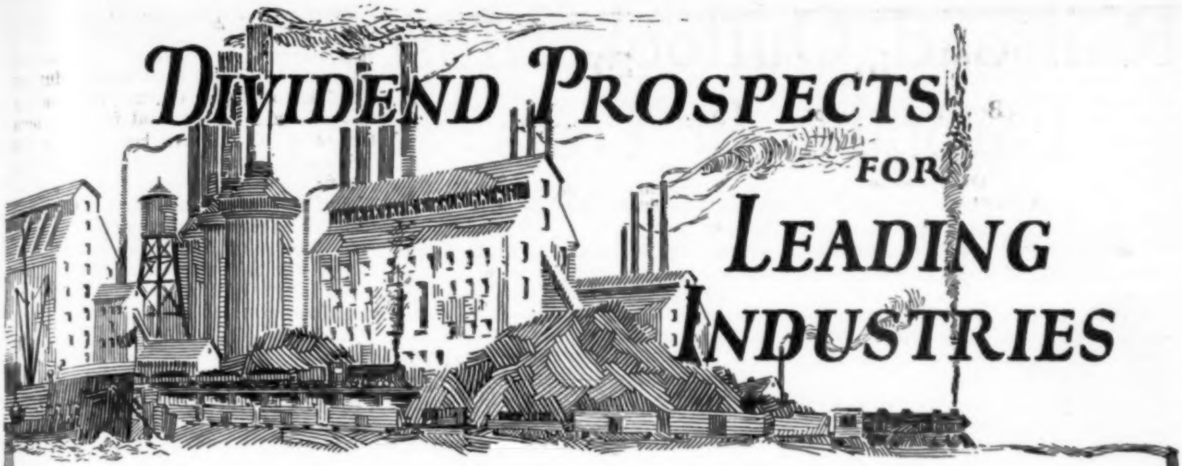
Activity in Junior Issues

While trading and price changes among the investment issues has been of an uninteresting character, here and there in the junior issues have been witnessed activity and continued price advances, and especially has this been the case among the rail issues. Bonds which a year or two ago were considered speculative selling on a 10% basis, can now be obtained only on around a 6% basis and less, owing to the improvement in the situation of the transportation companies and the earning power which they have demonstrated under present conditions. There was special demand for the St. Louis-San Francisco Railway adjustment and income 6s, Missouri, Kansas & Texas adjustment 5%, Seaboard Air Line adjustment 5% and the New Haven's junior securities. The most sensational advance was in the Seaboard's subsidiary, the Florida, Western & Northern 7s, which sold above 144.

There was little interest in the utility division. Bond prices did not follow the rather spectacular advances recorded by the general run of public utility stocks. On the whole, they were just able to maintain previous price levels. There were no features in this division of the market.

There was a certain amount of irregularity among the industrials brought about principally by the lower levels of the convertible oil issues, which naturally followed the declining tendency in oil stocks. International Mercantile Marine 6s were also a weak spot, declining to below 83. At present prices, these bonds seem attractive, in view of the showing the company has made during the past year, which was a very poor one for the shipping business. Although there are no indications of any improvement in the situation, it must be borne in mind the outstanding mortgage is being slowly reduced by the sinking fund. Actual value of the properties compared with the mortgage debt and the ability to pay interest should cause favorable consideration of the bonds as a business man's spec-vestment. Sugars and coppers were strong. There was some recession in the rubbers, due to profit taking.

As we have previously stated in these columns, we consider the market at a level where great caution must be exercised in making new commitments. Bonds are now selling on a strictly investment basis, with very little opportunity for material price enhancement.



Dividend Prospects for Leading Industries

Railroad — Public Utility — Petroleum — Steel — Automobile — Merchandising — Tire — Miscellanous Manufacturing

WITH the half year earnings of a number of important companies at hand, it is possible to obtain a fresh idea as to their dividend-paying powers. In this section, the attempt has been made to cover principally those groups which have issued their mid-year reports. Where actual earnings are not available, we have made estimates based on first quarter reports and our knowledge of the progress of these companies in the second quarter of the year.

The mechanical arrangement of the tabular matter is substantially the same as in our Dividend Forecast, published in the January 31 issue. We believe the explanatory matter accompanying this earlier series of Dividend Forecasts worthy of reproduction which we have done herewith, making note of the fact that the text has been altered in several minor respects to conform with present conditions.

Purpose of the Tables

"There are several points about these tables which should be given close attention. The first is that they are given as forecasts of dividend action based on a period six months to a year hence. It would obviously be impossible for us to know what each individual management intended to do in regard to dividends in the near future. Many of them, in fact, have come to no decision and probably will not do so for several months at least.

"We have limited ourselves, therefore, mainly to an analysis of the actual situation of each company with a consideration to its general financial condition, earnings and trade prospects and have deduced from this set of conditions, whether or not the company is *in a position* to increase its dividends.

"The reader, therefore, should be under no illusion that the fact that we believe a given company in a position to increase its dividends is necessarily a guarantee that it will do so. We are merely discussing its *ability* to do so. It is important, however, from a comparative viewpoint to know which companies are in a position to take favorable dividend action and which are not. It is from this angle that the studies herewith presented have practical value.

"Incidentally, it is worth while noting that as a rule the fundamental ability of a company to declare or raise dividends will eventually bear fruit in the actual declaration. It should be clear, however, that while it is possible and frequently entirely feasible to say whether or not a company is in a position to raise its dividend, it is almost impossible to say just *when* this is likely to occur, as this must necessarily depend on factors entirely out of control and consequently not predictable.

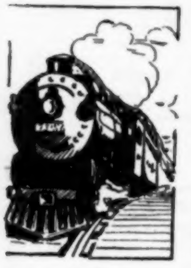
Rating the Stocks

"The second feature, which we believe of importance, is the rating given to each stock. Thus, (A) is marked attractive; (B) unattractive and (C) too high. These descriptions refer purely to the market outlook for the stocks. As a rule, an investment position is taken. That is to say, we have attempted to answer the questions whether the stock is attractive or otherwise, not from the viewpoint of speculative market possibilities, but from the viewpoint of investment value as reflected in factors relating to the yield and earnings. In some instances, however, we have been compelled to take speculative conditions into consideration. Generally speaking, issues which are marked attractive should eventually reach a higher position in the market.

"The tables should be found useful by three classes of investors: (1) Those who hold stocks and wish to obtain our views on their prospects; (2) those who wish to make new commitments, and (3) those who desire to sell what they have, exchanging the proceeds for other stocks in a superior position."

Railroad Outlook Most Favorable in Years

Current Opportunities in Rail Shares



THE situation confronting railroads at this time has never been more favorable. Earnings have been unusually well maintained and in the month of June net was approximately 40 per cent ahead of June, 1924. In view of the fact that gross earnings in June only registered an increase of 10%, the large gain in net indicates the great progress that has been made by railroad management in increasing operating efficiency.

Carloadings continue at a high level and with the prospects of increased business activity in the fall months it is a logical conclusion that gross business of the roads will be on a favorable basis for at least several months.

One of the most important factors in the railroad situation is the broad movement of consolidating the roads of the country into fewer and more important systems. Plans have undoubtedly been delayed by the Interstate Commerce Commission's investigation into the proposed Nickel Plate merger, but this delay is only of a temporary nature and it may not be long before other important deals are announced. Already considerable ground work has been laid by the leading railroad interests preliminary to a re-grouping of the roads. New York Central and Baltimore & Ohio for example have purchased sufficient Reading stock to give them joint control, Reading being a very important factor in the situation, due in part to its control of Central Railroad of New Jersey with valuable terminal properties on New York Harbor.

Another road which has favorable merger possibilities is Norfolk & Western which recently acquired the Virginian Railway. Pennsylvania R. R. already owns a large block of the stock, and it is only a question of time when Norfolk & Western will become a part of the former system. At present prices there is room for considerable appreciation in market value when this event transpires.

From the viewpoint of earnings and future outlook there are still many railroad stocks that do not appear to

Position of Leading Railroad Stocks

ROAD	Earned per share 1923	1924	*1925	Price range 1924 High	1924 Low	1925 High	1925 Low	Recent price	Div.	Yield %	REMARKS
Atchison	$15.48	$15.46	$15.00	120	97	127	116	120	$7.00	5.8	Well able to increase dividend. (A)
Atlantic Coast Line	18.64	19.34	22.00	125	112	169	147	181	7.00	4.4	Larger cash dividends or stock dividend probable. (A)
Baltimore & Ohio	13.21	9.19	9.00	84	52	84	71	76	5 00	6.6	Dividend well protected and increase not improbable. (A)
Canadian Pacific	12.01	11.01	9.00	156	142	152	136	142	10.00	7.0	Not earning present dividend. (C)
Chesapeake & Ohio	12.60	16.77	19.00	98	67	99	89	94	4.00	4.3	Likely to receive better terms under Nickel Plate merger. (A)
Chicago & Eastern Illinois	def	def	def	38	21	37	29	35	....	..	Not earning fixed charges. (B)
Chi., Rock Island & Pac.	1.22	4.36	6.00	50	21	54	40	47	....	..	Dividend through merger with Southern Pacific probable. (C)
Chicago Gt. Western pfd.	1.22	1.28	def	31	10	32	19	25	....	..	No dividend likely. Merger possibilities. (B)
Chicago, Mil. & St. Paul	def	def	def	18	10	16	3	9	....	..	In receivership. (B)
Chicago & North Western	4.94	4.20	7.00	75	49	75	47	65	4.00	6.2	Rate readjustments may later on pave way for higher dividend. (A)
Delaware & Hudson	11.09	13.69	18.00	139	104	155	133	149	9.00	6.0	To segregate coal properties. (A)
Dela., Lacka. & West.	7.33	8.34	9.00	149	110	147	125	139	6.00	4.3	Extra dividends probable. (C)
Erie	5.23	6.26	6.00	35	20	34	26	28	....	..	Will receive $2.40 dividends if exchanged under terms of Nickel Plate merger. (A)
Great Northern	7.24	7.18	9.00	75	53	71	60	69	5.00	7.3	Rate readjustment may later on pave way for higher dividend. (A)
Illinois Central	13.55	12.39	13.00	117	104	119	111	115	7.00	6.1	Early increase in rate not likely. (A)
Kansas City Southern	6.45	3.81	4.00	41	17	40	28	34	....	..	Dividend uncertain. Merger possibilities. (C)
Louisville & Nashville	11.54	12.07	14.00	109	87	117	106	115	6.00	5.2	Strong financially. May pay extras. (A)
Minn., St P. & S. S. M. pfd.	7.00	0.16	10.00	75	50	71	40	55	....	..	Resumption of dividends likely. (A)
Missouri-Kansas-Texas	1.16	†3.20	†6.00	34	10	40	28	39	....	..	Early dividend action unlikely. (C)
Missouri Pacific pfd.	0.17	9.05	13.00	74	29	83	71	80	....	..	5% dividend soon. 35% back dividend due. (A)
N. Y., Chicago & St. L.	16.15	14.26	20.00	128	72	137	118	122	6.00	4.9	Large profit on C. & O. holdings. Increase in dividend assured. (A)
New York Central	16.91	12.87	14.00	119	99	124	113	117	7.00	6.0	Increase in dividend probable. (A)
N. Y., N. H. & Hartford	def	1.90	4.00	33	14	36	28	35	....	..	No early dividend expected. (A)
Norfolk & Western	13.65	12.85	15.00	133	102	134	123	132	7.00	5.3	Larger cash or a stock dividend likely. (A)
Northern Pacific	5.23	6.44	7.00	73	47	71	58	67	5.00	7.5	Rate readjustment may later on pave way for higher dividend. (A)
Pennsylvania	5.16	3.82	4.00	50	42	48	42	46	3.00	6.5	Early increase unlikely. (C)
Reading	9.16	8.80	10.00	79	51	91	69	85	4.00	4.7	Valuable equities. Dividend increase probable. (A)
St. Louis-San Francisco	6.53	12.39	15.00	65	19	93	57	92	5.00	5.4	Early increase in dividend indicated. (A)
St. Louis Southwestern	14.71	8.37	8.00	55	33	53	43	48	....	..	Has dividend possibilities. (C)
Seaboard Air Line	0.17	2.35	5.00	24	6	35	20	35	....	..	Extensive additions a bar to early dividend action. (A)
Southern Pacific	12 92	10.24	8.00	105	85	108	97	99	6.00	6.1	Hidden equities. No increase likely now. (A)
Southern Railway	10.11	12.30	15.00	79	38	102	77	100	5.00	5.0	Early dividend increase indicated. (A)
Union Pacific	16.17	14.28	12.00	151	126	153	133	140	10.00	7.1	No increase probable. (A)
Wabash	2.64	2.77	5.00	24	10	36	19	35	....	..	No early dividend indicated. (C)

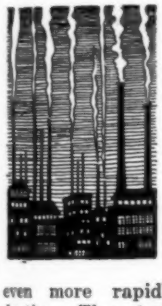
* Estimate based on first six months' operations. † After deducting 7% on preferred and 7% on the 5% adjustment bonds which are convertible into preferred. (A) Attractive. (B) Unattractive. (C) High enough.

have by any means discounted their possibilities at current prices. Among these may be included the following dividend-paying rails: New York Central, St. Louis-San Francisco, Southern Railway and Illinois Central. Of the non-dividend-paying rails the following are in favorable position: Seaboard Airline common, Missouri Pacific preferred, N. Y., N. H. & Hartford and Colorado & Southern.

While traffic in the Northwest up to the present time has only been fair, indications are that it will be quite favorable in the fall months and the roads operating in this territory are likely to make a better showing than last year. These roads have asked the Interstate Commerce Commission for an increase in rates and there appears to be a very fair chance that some relief will be afforded. Under the circumstances, such roads as Great Northern, Northern Pacific and Chicago & Northwestern can be regarded as having good speculative possibilities.

Steel Industry Set for Fall Recovery

Elements of Stability in Present Position —Favorable Position of Leading Companies



FOR some time past, the steel industry has shown exceptionally small variations in both volume of demand and output. The recovery which got under way late last fall was followed by a period of rising demand but even more rapidly expanding production. The steel mills are blessed with greater facilities than the country requires except under the most unusual conditions. Hence, there is a constant tendency to over-expand at the slightest provocation. Something of this sort evidently took place this spring.

Though consumption justified an increase in mill activities, too much steel was manufactured. Inventories were allowed to rise in the hope business would hold at a high rate. It is probable also that consumers purchased a little more of the commodity than they actually required, for the spectacle of rising prices is always an inducement to "load up."

Although the markets moved upward in response to reviving sales, the industry's further attempt to improve its advantage in February proved abortive. Little second quarter business was placed at the new price levels. Consumers too readily sensed the fact that production was outstripping consumption and, accordingly, they began to play for concessions.

The readjustment that followed would seem to have run its course and for some time steel mill production has held around 60% of capacity while price levels have shown no material change. The cautious attitude of buyers has not prevented them from ordering in fair volume. Since April the volume of orders booked has tended to expand moderately, with indications that the autumn will witness a distinct recovery.

Operating costs in the steel industry are relatively high so that operations on the basis of the present rate are not conducive to large profits, particularly in view of prevailing prices. The market's stability, however, is significant of improvement in event of a turn in demand.

Second quarter earnings of the steel companies make an irregular showing, with the smaller companies obviously at a disadvantage under present highly competitive conditions. The stronger steel manufacturers, however, did surprisingly well. Third quarter profits are not likely to measure up to quite the same standards due to the lower average price levels and operating schedules.

Should present expectations of improvement materialize, earnings in the final three months of the year would undoubtedly reach proportions which would permit a number of the steel companies to give serious consideration to larger dividends. In some cases, non-dividend payers could resume distributions. This is especially the case since finances are, on the whole, satisfactory. Last year's slump, though sharp, was not sufficiently prolonged to cause any material drain upon liquid resources.

Position of Leading Steel Stocks

	Earned per share			Price Range							
			6 mos.	1924		1925		Recent	Div.	Yield	
	1923	1924	1925	High	Low	High	Low	price	rate	%	REMARKS
Bethlehem Steel	$6.47	$2.57	$2.97	62	37	53	37	43	..	..	Good long pull prospects but no early dividend action anticipated. (A)
Colorado Fuel & Iron	1.67	1.05	3.42	54	24	48	32	41	..	..	Considerable improvement in earnings but dividend prospects uncertain. (C)
Crucible	a5.20	a4.55	b2.60	76	48	79	64	72	$4.00	5.6	Dividend being earned by comfortable margin. Possibility of extra later on. (C)
Gulf States	12.80	7.48	3.98	89	62	94	67	83	5.00	6.0	Relatively low labor and material costs favorable factors. Capable of increasing dividend. (A)
Inland Steel	4.08	4.04	1.61	48	31	50	38	41	2.50	6.1	Earning present dividend by small margin. No change indicated. (C)
Ludlum	5.50	1.87	*1.50	38	17	55	31	35	2.00	5.7	Current dividend being earned with good margin but no increase indicated. (C)
Otis Steel	1.00	def	1.19	11	6	14	8	13	..	..	No payments on preferred since 1921. Common dividend remote. (B)
Penn. Seaboard	def	def	....	4¼	1⅜	3	1¼	1½	..	..	A dubious speculation. No dividend in sight. (B)
Replogle	def	1.18	0.45	23	7	23	12	15	..	..	Earning power not sufficiently developed to justify expectation of dividends. (B)
Republic Iron & Steel	15.00	0.55	2.59	63	42	64	42	48	..	..	Possibility of modest dividend later in year. (C)
Superior Steel	6.22	def	def	35	23	41	20	26	..	..	Not doing so well.. Dividend passed in March. (B)
Sloss-Sheffield	20.22	10.47	*6.00	84	52	107	80	102	6.00	5.9	Favored by low production costs. Could support a higher dividend rate. (A)
U. S. Steel	16.42	11.75	5.99	121	94	129	112	120	7.00	5.8	Management conservative but company could pay more. (A)
United Alloy	3.20	0.54	1.22	37	20	36	24	30	..	..	Dividend outlook not very encouraging. (C)
Vanadium	1.83	1.80	*2.00	33	19	34	25	31	2.00	6.5	Dividend recently resumed. Increase unlikely. (C)
Youngstown Sheet & Tube	14.93	6.68	6.70	72	59	76	63	72	4.00	5.6	Making a very respectable showing which presages larger dividend. (A)

a Years ended August 31. b Six months ended Feb. 28. * Estimated. (A) Attractive. (B) Unattractive. (C) High enough.

Manufacturing Industries Doing Well

Farm Implement Companies Stage Recovery — Electrical Equipment Business Stable

AMONG the manufacturing industries, the farm machinery group stands out like the proverbial sore thumb. The reason is not that these companies are so far ahead of the field, but because their recovery from four years of depression has been so striking. The recovery began about the middle of 1924 with the marked change in the agricultural outlook.

Improvement in farm purchasing power has completely altered the status of the farm implement industry and has similarly affected the earning aspect of some miscellaneous machinery producers. Aside from the lessened disparity between the farmer's dollar, so-called, and that of the industrialist, however, other factors are also operative.

Four years of meagre buying have created a considerable void in agriculture's complement of labor-saving machinery. On this account alone, a potential demand of sizable proportions has accumulated. Then again, the farmers must draw workers from a market whose highly competitive character is manifested in a still inflated wage scale. Thus, there is an added incentive to be more liberal in the matter of expending capital for machinery.

Sales of agricultural implements, tractors, and the like, during the six months recently closed, reached the highest total in five years. Manufacturers lowered prices moderately toward the end of 1924 but the substantial expansion in output since then has more than compensated them for any sacrifices on this account.

By contrast with the monotonous hand-to-mouth buying policies in vogue in other industries, the farm implement business is unusual. Dealers have shown a growing disposition to view the future with confidence and have been ordering ahead in anticipation of a sustained improvement.

In the domestic trade, the outlook for the balance of 1925 hinges, to a material extent, upon crop developments. The farmer has made gratifying progress toward reduction of previously accumulated debts. He is too recently out of the woods, however, to venture boldly into new commitments until the result of the coming harvests may be determined. While, therefore, the farm implement sales prospect during the second half-year is, to some extent, speculative, there is no reason to anticipate a cancellation of the first half-year showing. Satisfactory earnings are indicated particularly in view of the heavier export demand, always an important item.

The electrical equipment companies are not very heavily represented in the accompanying table, but these issues make up in quality what they lack in quantity. Sales in this industry registered some increase over the fore part of the year compared with 1924. The probabilities favor a continuation of this trend. Such a result would be in conformity with the greater relative stability of general business and continued development of the public utility industry.

Prices have been tending downward but not at the expense of profits. More

Position of Leading Manufacturing Company Stocks

Common Stocks	Earned per share 1923	Earned per share 1924	Earned per share 6 mos. 1925	Price Range 1924 High	Price Range 1924 Low	Price Range 1925 High	Price Range 1925 Low	Recent price	Div. per share	Yield %	REMARKS
Adv. Rumely (pfd.)	def	$2.84	N.B.	54	28	59	47	58	$3.00	5.2	In position to make much better showing. Increase in preferred dividend a long range possibility. (A)
Allis-Chalmers	5.96	8.02	*$4–$5	73	41	86	71	83	6.00	7.2	Present dividend well protected but no increase anticipated. (A)
Case (J. I.) Thr. M	def	nil	N.B.	35	14	46	24	43	....	..	Preferred dividend arrears amount to 10%. Should do better, although no early action on common dividends indicated. (A)
Chicago Pneu. Tool	7.40	6.04	3.06	100	79	105	80	103	5.00	4.9	Earnings indicate ability to maintain present dividend but no increase probable. (C)
Emerson-Brant. (pfd.)	†def	†def	N.B.	16	7	21	8	21	....	..	While earnings should show improvement, 6.9 million profit and loss deficit precludes consideration of dividends. (C)
Fairbanks-Morse	8.55	4.50	*2.67	34	25	49	32	46	2.60	5.7	Heavy gain in June orders should be reflected in third quarter earnings. Possibility of moderate increase in dividend rate. (A)
General Electric	18.25	21.13	N.B.	322	193	320	227	304	†13.00	4.5	In exceptionally strong position. Would have no difficulty in maintaining larger dividend. (A)
General Refractories	3.63	2.79	2.82	55	31	58	43	45	2.00	4.4	Making better showing than last year. Possibility of moderate increase in dividend rate. (C)
Hoe (R.) & Co. Cl. A	7.00	5.04	N.B.	51	48	48	45	46	4.00	8.7	Seems well able to maintain present dividend policy but nothing to indicate early change in rate. (A)
Int'l Business Mach	13.46	14.77	8.39	118	83	129	110	125	8.00	6.4	Strong company showing steady expansion in earning power. In position to adopt more liberal dividend policy. (A)
Int'l Comb. Engine	3.21	2.66	N.B.	39	22	45	31	45	2.00	4.8	Foreign business becoming very prominent factor in company's earnings. Higher dividend probable later on. (A)
Int'l Harvester	6.07	11.86	N.B.	110	78	120	96	117	5.00	4.3	Decided improvement in farm implement industry foreshadows larger cash payment or resumption of stock dividends. (A)
National Supply	14.67	5.09	N.B.	72	54	71	58	59	3.00	5.1	Improvement in oil industry should help. Could increase dividends. (A)
U. S. Hoffman Mchy	3.96	3.66	2.92	24	16	39	23	39	2.00	5.1	Earnings on the up-grade. In position to disburse larger dividend on strength of improvement in profits. (C)
Westinghouse E. & M	‡8.43	‡6.47	N.B.	71	55	84	66	73	4.00	5.5	Volume of new business materially in excess of last year. Earnings should show an increase. Could pay larger dividend. (A)
Worthington Pump	5.20	1.32	N.B.	81	23	79	36	42	....	..	Company has no bank loans and 17.25 millions working capital but earnings do not warrant dividends. (C)

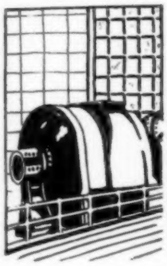
* Partly estimated. † Years ended Oct. 31. ‡ Years ended March 31, 1924 and 1925. (A) Attractive. (B) Unattractive. (C) High enough. N.B. No report.

efficient methods in manufacture have permitted the electrical equipment companies to increase sales by offering lower prices as an inducement to more liberal buying on the part of consumers. Broadly speaking, the industry is well stabilized and the outlook for continued good earnings encouraging.

Other companies in the manufacturing field are engaged in such a wide variety of pursuits that it is difficult to treat their position or prospects as a unit. The safer procedure is to judge each company on the basis of individual finances, earning power and future possibilities. Insofar as the trend of trade and industry is concerned, the probabilities are that improvement in earnings already shown in the current year will be maintained.

The Dividend Outlook in Public Utilities

How 1925 Earnings Have Shaped Up



THE year 1925 does not seem to have justified the extravagant hopes held out for increased utility earnings. The first six months reveal net profits somewhat larger than those prevailing last year, but the increase of capitalization in a number of cases has cancelled this benefit, and the earnings per share are not noticeably larger.

The amazing popularity of the public utility common stocks, the solid merits of which had not received a just appreciation hitherto, led to a demand in 1925 that has brought up prices with a bang, and therefore materially lowered yields. The yields on leading public utility common stocks have not gone down more than has been the case with the rest of the market, but in the unlisted field the income return has declined more largely than the average of the market. Hence, despite the certainty of dividend payments being maintained in the higher-grade issues, there are only a few selling at attractive prices.

In 1925 there is evident a culmination of the tendency to seek new capital for expansion, rather than to pay enlarged dividends on the previously outstanding capitalization. In several cases, particularly in that of the American Water Works, there is a possibility that "rights" may be issued, as attractive as those that have hitherto prevailed. The holding companies, however, naturally incline to bond issuance of their subsidiaries. With the continuance of this policy of increasing the number of subsidiaries, there is the possibility that if too high a price is paid for some of them the common stocks of holding companies will be junior to a constantly increasing load of senior securities.

In some respects the great prosperity of the public utility companies and the crying out of such prosperity from the housetops has had the effect of re-arousing demagogy and moves for the curtailment of rates. In San Francisco the city government is decidedly hostile to the Pacific Gas & Electric Company. If, however, the Maryland Federal Court decision relating public utility rates to the index numbers of commodity prices is to prevail, there need be little fear on this score.

Although a number of tractions have shown some recovery in earning power, many have not as yet made the needful adjustment to bus competition.

The general situation can be summed up in a few words: Earnings are satisfactory, increased dividend declarations are probable in a great many companies, but this is not characteristic of the mass of public utilities. At the least, however, in regard to the latter, present dividend rates will be maintained.

Position of Leading Public Utility Stocks

	Earned per share			Price Range							
	1923	1924	6 mos. 1925	1924 High	1924 Low	1925 High	1925 Low	Recent price	Div. rate	Yield %	REMARKS
American Tel. & Tel.	$11.35	$11.31	5.94	134	121	144	130	141	$9.00	6.4	Earnings slightly larger this year, but no dividend increase expected. (A)
American Water Works	†2.70	†2.75	1.27°	41	†8	68	34	67	1.20	1.8	Retirement participating pfd., indicates increased dividends or rights. (C)
Brooklyn Edison	13.07	11.81	N.B.	124	107	140	120	137	8.00	5.8	$2 increase in dividend rate rumored. (A)
Brooklyn-Man. Transit	1.43	3.32	4.66*	41	13	55	35	54	..	..	Earnings better this year. City election a factor. (A)
Brooklyn Union Gas	9.33	9.14	N.B.	82	56	91	75	88	4.00	4.5	Could pay $5 easily. (C)
Consolidated Gas (N. Y.)	7.77	7.48	N.B.	79	60	92	74	90	5.00	5.5	Dividend increase to $6 contingent on Supreme Court rate decision. (A)
Columbia Gas & Elec.	3.70	4.41	3.60x	48	33	74	45	68	2.60	3.5	Could increase dividend to $3. (C)
Detroit Edison	11.85	9.97	3.88°	115	102	130	110	130	8.00	6.1	Increase in rate not likely. (A)
Hudson & Manhattan	2.73	3.30	1.84x	29	20	33	21	32	2.50	7.8	Earnings about same as last year. Dividend secure. (A)
Interboro Rapid Transit	def	def	0.34°	39	12	34	13	28	def	def	No dividend prospects. City election a factor. (B)
International Tel. & Tel.	8.40	18.11	3.06°	94	66	137	87	122	6.00	5.1	Should increase dividend rate. Very attractive. (A)
Laclede Gas	15.29	15.35	N.B.	113	79	178	110	150	8.00	4.3	Present rate can be maintained easily. (C)
Montana Power	4.80	4.49	2.92	74	61	93	64	93	4.00	4.3	Present dividend earned by scant margin. Higher dividend not expected. Strong merger possibilities. (A)
Market St. Ry.	def	def	def	13	6	10	7	10	def	def	Principal value dependent on City's purchase contract. (B)
Niagara Falls Power	2.24	2.44	1.17	47	42	77	45	76	2.00	2.6	Earnings justify no higher dividend rate. (C)
Pacific Gas & Elec.	10.25	8.83	2.57	105	90	118	102	115	8.00	7.0	Rates attacked in court as excessive. (C)
Philadelphia Company	7.47	5.91	3.15x	57	42	61	51	59	4.00	6.8	Could pay $5. Seasoned. (A)
Public Service Co. of N. J.	5.69	6.57	3.27x	70	39	87	62	72	5.00	5.7	Earnings appear ahead of last year. Dividend increase unlikely. (A)
Standard Gas & Electric	7.75	6.61	N.B.	41	31	57	40	55	3.00	5.4	Could raise rate to $4. (C)
Third Avenue	1.82	.45	def°	18	8	15	7	14	..	..	No dividend prospects. Political complications. (B)
Twin City Rapid Tr. Co.	6.18	4.18	2.51	66	39	70	58	63	4.00	6.4	Dividend rate high as possible. (B)
Va. Ry. & Power	5.23	5.68	2.60x	72	36	123	64	120	..	..	Control by new interests. Could pay good dividend. (C)
West Penn Co.	7.52	6.49	3.16°	127	47	145	105	120	4.00	3.3	Slight dividend increase warranted. (C)

† On basis of present capitalization. (A) Attractive. (B) Unattractive. (C) High enough.
* Year ending June 30. ° 1st quarter 1925. N.B. Not published. x Partly estimated.

Oil Industry On Firmer Footing

Higher Price Levels and Inventory Appreciation Reflected in Profits

ON the surface, the optimistic reports from the oil industry do not agree very closely with the stock market's apparent appraisal of the situation. While other stocks are cavorting gaily, the modest oils have been inclined to linger shyly in the background. This in spite of the fact that first and second quarter earnings leave no room for doubt that the oil business is making the best showing in several years.

Perhaps it is the perennial fear of another over-production hangover that causes the oil group to conduct itself with such decorum. The industry has so often played truant that it seems scarcely able to become reconciled to the possibility of an orderly existence.

There is ample ground for its present conservatism. The orgy of excessive drilling in previous years, notably 1923 and again in 1924, left storage tanks full to bursting. Each attempt to raise prices has merely encouraged more irresponsible production activities to the detriment of profits.

Stocks of crude oil and gasoline have piled up to heights which the steady gain in consumption has been unable to lighten. It is this heavy burden of surplus supplies above ground that has made the oil industry cautious.

While, accordingly, there seems little in the oil prospect on which to pin hopes of a boom, there are saving features. Controlling interests are evidently determined to avoid a recurrence of price tendencies such as might lead to another crisis. Of course, there is

Position of Leading Oil Stocks

	Earned per share			Price Range							
	1923	1924	6 mos. 1925	1924 High	1924 Low	1925 High	1925 Low	Recent price	Div. rate	Yield %	REMARKS
Associated Oil	$3.39	$2.86	N.B.	34	27	41	32	40	$2.00	5.0	Conservatively managed company capable of disbursing larger share of earnings. (A)
Atlantic Refining	def.	6.60	N.B.	140	78	117	95	112	....	..	Substantial working capital and improved earnings warrant resumption of dividends. (A)
Barnsdall "A"	.26	1.52	$1.38	22	14	30	21	20	....	..	Earning power improved, but financial condition needs strengthening. Dividends unlikely. (C)
Cal. Petroleum	20.54	9.87	N.B.	29	19	32	23	28	2.00	6.3	Preferred stock recently retired. No bank loans. Large working capital. Could pay more. (A)
Gen. Pet.	a5.60	a7.20	N.B.	45	38	59	42	51	2.00	3.9	Soundly managed, favorably regarded Pacific Coast organization able to pay more generous dividends. (A)
Houston	3.97	3.93	N.B.	82	61	85	59	67	....	..	Should make better showing this year than last. Div. prospect uncertain. (C)
Maracaibo	.24	0.03	N.B.	37	24	35	25	25	....	..	South American company not yet out of development stage. Dividends still well in the future. (A)
Marland	2.71	1.68	4.48	42	29	46	32	45	3.00	6.7	Dividend recently resumed. Strong financial condition and marked expansion in earning power indicate ability to increase rate. (A)
Mex. Seaboard	def	2.83	N.B.	25	14	22	11	14	....	..	Uncertain speculation with unpromising dividend prospects. (B)
Mid-Continent Pet.	def	0.56	4.90	40	22	36	26	32	....	..	Formerly Cosden & Co. Financial condition materially strengthened. Divs. nearer but early action unlikely. (A)
Pacific Oil	2.25	3.40	N.B.	58	45	65	52	57	3.00	5.3	Rate recently raised from $2 to $3 a share. No further change indicated in near future. (A)
Pan American	7.96	5.67	N.B.	65	44	84	63	69	6.00	8.7	Now under Standard Oil management, a fact likely to be reflected in conservative dividend policy. (C)
Phillips Pet.	3.92	3.82	5.56	42	28	47	36	45	2.00	4.4	Would seem well able to accord shareholders more liberal treatment. (A)
Pure Oil	b1.71	b3.82	b3.10	30	20	33	25	29	1.50	5.2	Well rounded organization which should eventually do better by stockholders. (A)
Royal Dutch (N. Y.)	3.60	N.B.	N.B.	59	40	57	48	52	4.36	8.4	Dividend rate irregular. In position to pay stockholders larger return. (A)
Shell Union	1.57	1.66	N.B.	22	15	28	22	24	1.40	5.8	Present dividend seems well secured. Sound company but unlikely to make early change in rate. (A)
Sinclair Con.	def	def	N.B.	27	15	24	17	22	....	..	Outlook confused by litigation with U. S. Government, but earnings improved. Dividends scarcely justified at present. (A)
Simms	.51	2.81	*2.60	24	10	26	19	23	1.00	4.3	Making fair showing. Higher prices for oil should help. No immediate change in dividend. (C)
Skelly	1.37	0.05	2.82	29	17	30	21	26	....	..	Earnings show improvement but dividend outlook not very promising. (C)
Superior	def	def	N.B.	8⅛	2⅜	6⅝	3¾	4¼	....	..	Still involved in litigation with Atlantic Refining. Successive deficits do not encourage hope of dividends. (B)
Stand. of Cal	2.62	2.82	N.B.	68	55	67	56	58	2.00	3.5	Last year's earnings left no great margin over dividend but should do better. Could raise rate. (A)
Stand. of N. J.	2.11	3.30	N.B.	42	33	47	38	43	1.00	2.3	Profits on low-priced oil in storage should be reflected in this year's earnings. Higher dividend warranted. (A)
Texas Co.	1.24	4.02	N.B.	45	37	54	42	49	3.00	6.1	Realizing good profits on low-priced inventories. Larger dividend a probability. (A)
Tex. & P. C. & O.	def	0.04	1.28	15	8	23	11	14	....	..	Seems unable to come back. Just about holding its own. Dividends not in the picture. (C)
Tidewater	†1.45	†1.95	N.B.	†38	†29	†36	†34	34	....	..	Earnings running well ahead of last year. Dividend rate on new shares not announced but could pay more than indicated $1. (A)
Transcontinental	def	def	nil	6¼	3¾	5⅞	3⅞	4¾	....	..	Still managing to survive despite chronic deficits. A shaky speculation. (B)
Union of Cal.	†2.26	†1.65	1.56	39	35	43	36	37	1.80	4.9	Solidly established company which should eventually pay more liberal dividends. (A)
White Eagle	2.93	2.24	3.81	29	23	31	25	28	2.00	7.1	Profits running at rate to indicate possibility of extras or larger regular dividends. (A)

a Years ended June 30. b Years ended March 31. c Div. rate on new stock not yet announced. † On basis of present capitalization. (A) Attractive. (B) Unattractive. (C) High enough. * Estimated. N.B. No report.

always the possibility that a new bogey may be uncovered in the form of untapped fields with large flush production, but such a contingency does not appear at present.

Prices of crude oil and gasoline have been marked up to levels which allow the majority of companies to show respectable profits. It is to be suspected that the rise in crude has had a tendency to squeeze some refinery interests, inasmuch as the gasoline market is not as strong as might be desired. Mid-Continent, in fact, manifests some nervousness which has lately been expressed in a reactionary price trend.

Granting the occurrence of further modification in existing quotations, however, the markets are still likely to hold well above last year's low levels. Many of the oil companies are thus in a position to realize satisfactory profits during the next several months by working off their large inventories well above cost prices.

From a stock market standpoint, the outlook for the oils is somewhat mixed. That is to say, the stronger, well rounded units should be able to do considerably better than hold their own and are in a position to afford stockholders more generous treatment. The minor concerns have improved their finances, but careful discrimination may well be exercised despite the fact that the oil group by no means has been exploited to the same extent as numerous other speculative favorites.

Merchandising Concerns Prospering

Factors Affecting Earnings of Department Store Group—Conditions Generally Stable

PRACTICALLY without exception the leading merchandising companies are enjoying excellent earnings. The five and ten-cent store enterprises are most favorably situated since these concerns were not materially affected by the business unsettlements of 1920-1921. They have not had to divert attention to mending broken financial fences, as in the case of other retail establishments.

The reasons for this are to be found in their methods of doing business. Success of the five and ten-cent stores is founded on a rapid turnover of inventories, permitting small per unit profits to be counterbalanced by a high volume of sales. The inventory problem has not been an important source of disturbance on this account.

These companies have consistently expanded gross business by a process of reinvesting earnings in new stores, thus increasing the scope of operations. Competition, except between the existing units, is likely to prove ineffective inasmuch as the large purchasing power of the present companies cannot be approached by newly formed enterprises unless backed by equal financial resources. Hence, the steady growth of the chain store companies seems limited only by the normal expansion of the country as a whole.

To a very large degree, the assured future and continued growth in earning power of these concerns is being discounted in market prices for their securities. Held over long periods of time, they should reward patient holders. The buyer at current prices, however, must be content with a very small income return. He must wait for some years before obtaining a yield commensurate with that to be had in other sound but less thoroughly exploited securities. Accordingly, while the dividend outlook for the five and tens is promising, few stocks in this group present attractive opportunities at present.

The mail order houses have returned to a pre-war status in consequence of financial house cleanings. Here also, however, the stock market is making rather liberal allowances for the restoration of large earnings and prospects of greater participation by shareholders in dividends. Present conditions of employment and generally satisfactory wage levels have a material influence upon the gross revenues of all the mechandising companies. In respect to the mail order companies, agriculture's recovery has also played an important role.

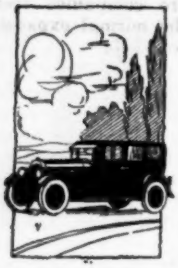
The department stores present a greater mixture of conditions than either of the other two groups. The tendency among these has been to branch out by adopting the chain store idea to their own business. In other words, they are seeking to widen the areas served by branching out in cities other than those that have been peculiarly their own in former years.

The demand for capital for reinvestment in such expansion has militated against dividends but, from a long range standpoint, should eventually be reflected in more generous treatment of shareholders. Here again, however, there are no really outstanding bargains.

Position of Leading Merchandising Stocks

	$ Earned per share			Price range							
	1923	1924	6 mos. 1925	1924 High	1924 Low	1925 High	1925 Low	Recent price	Div. rate	Yield %	REMARKS
Assoc. Dry Goods	†4.46	†4.95	N.B.	†35	†20	55	48	51	$2.50	4.9	Business still expanding. In position to increase dividend rate. (C)
Gimbels	‡10.37	‡7.03	N.B.	64	48	62	47	54	....	..	Earnings last year affected by expense involved in opening new stores. No early dividend. (C)
Kresge (S. S.)	38.14	40.66	12.86	475	287	532	355	480	8.00	1.6	Paid 50% stock dividend this year. Will probably pay others in due course. (C)
Macy (R. H.)	‡7.58	‡6.70	N.B.	71	59	94	70	89	....	..	Extending field of operations. Conservative dividend could be paid. (C)
May Dept. Stores	‡11.62	‡10.16	N.B.	115	82	128	101	117	5.00	4.2	Earning power established on basis to warrant more liberal rate. (A)
Montgomery-Ward	4.39	6.18	N.B.	46	21	73	41	68	....	..	Still has $7 back dividends on Class A shares to clear up before considering payments to com. (C)
Nat'l Cloak & Suit	12.16	9.44	N.B.	70	44	78	65	74	4.00	5.4	Could pay more but has conservative management. (A)
Nat'l Dept. Stores	‡3.35	‡4.22	N.B.	43	37	45	39	41	....	..	Should ultimately join dividend class. Relatively new enterprise. (A)
Sears, Roebuck	10.95	13.86	N.B.	155	79	197	148	193	6.00	3.1	Has staged strong come-back. Larger dividend justified. (C)
United Drug	7.00	10.93	6.17	121	71	133	111	132	7.00	5.4	Position considerably improved. Business expanding. Dividend raised from $6 to $7. (C)
Woolworth	†7.96	7.95	N.B.	†126	†70	171	113	165	3.00	1.8	Still growing. Likely to pay more in long run. (C)

† On basis of present capitalization. ‡ Years ended Jan. 31, 1924 and 1925. (A) Attractive. (B) Unattractive. (C) High enough. N.B. No report.



BY and large, the automotive industries are prospering. Several factors have combined to make the year an outstanding one. First of all, the business of manufacturing automobiles has taken on a greater semblance of stability than heretofore. The time has passed when light-waisted companies may hope to launch frail enterprises in this highly competitive field. The industry is now largely concentrated in strong hands. This means that, though competition will not abate, it is less likely to be followed by financial calamities.

The Motor Industry Makes New Records

Earnings Show Up Well — Accessory Companies' Outlook

Secondly, conditions in trade and industry have been distinctly favorable to the motor car producers and there are strong indications that no material change in their status will occur during the next several months, beyond the ordinary seasonal slackening.

Another influence that has tended to remove the industry from one of sharply fluctuating cycles of prosperity and depression is the sounder policy of manufacturers. Previously, it has been the custom to feed the market all the cars it would stand and let the future take care of itself.

This year, despite a uniformly expanding volume of sales, the motor companies have sounded their markets with caution. Output has been held down to limits dictated by actual retail

Position of Leading Motor and Accessory Stocks

COMPANY	Earned per share 1923	Earned per share 1924	Earned per share 6 mos. 1925	Price Range 1924 High	Price Range 1924 Low	Price Range 1925 High	Price Range 1925 Low	Recent price	Div. per share	Yield %	REMARKS
Chandler Motor	$7.34	$4.82	3.06	66	26	39	28	34	$3.00	8.8	Financial status improved but still suggests desirability of conservative dividend policy. (C)
Chicago Yellow Cab	*5.20	5.57	N.B.	61	39	55	44	49	4.00	8.2	As of Dec. 31, 1924, current liabilities exceeded current assets. Div. position speculative. (C)
Chrysler Corp.	....	....	6.28	..	..	120	108	118	....	..	Successor to Maxwell Motor Corp. Earnings have shown steady expansion. Dividends warranted. (C)
Dodge Bros. A	N.B.	3.35	4.74	..	..	31	21	26	....	..	Earnings at rate to permit dividends on "A" stock but no immediate action indicated. (C)
General Motors	*10.68	7.37	8.19	66	55	92	64	92	6.5	6.9	Exceptionally strong cash position. Could easily pay more. (A)
Hudson	†6.67	†6.11	N.B.	36	20	66	33	63	3.00	4.8	Has been doing exceptionally well this year. Stock Div. or increased cash payment probable. (A)
Hupp Motor	3.97	1.77	2.33	18	11	20	14	19	1.00	5.3	Doing very well. Current dividend earned by wide margin and could afford a larger disbursement. (C)
Jordan Motor	*4.64	N.B.	N.B.	52	21	59	38	40	3.00	7.5	Present dividend seems reasonably secure. No change indicated. (C)
Mack Trucks	‖18.59	16.19	e12.00	118	75	203	117	187	6.00	3.2	Increasing use of buses material factor. Could readily increase disbursements. Stock split-up a possibility. (C)
Moon Motor	4.65	3.11	3.73	27	17	35	22	32	3.00	9.4	An assembling proposition. Net tangible asset value of shares low. Extra payments a possibility. (C)
Nash Motor	‖28.00	28.43	¶24.79	204	96	448	193	424	§7.00	1.6	Recently paid $6.50 extra dividend. Present price evidently anticipating stock dividend or split-up. (C)
Packard Motor	‡2.97	‡1.54	N.B.	16	9	38	15	35	§1.20	4.8	Has been doing largest volume of business in its history. Financially strong. Paying extras. (C)
Pierce-Arrow 8% pfd.	2.78	6.25	5.02	54	18	86	43	80	....	..	Has paid off all bank loans. Retirement of Prior Preferred stock Oct. 1 will open way for dividends on 8% pfd. (A)
Studebaker Corp.	*9.44	7.03	5.24	46	30	50	41	48	4.00	8.3	Gross earnings at new high level. Financial position considerably strengthened. Could pay larger dividend. Out of line with other motor stocks. (A)
Willys-Overland pfd,	59.11	9.46	e45.00	88	61	111	72	104	7.00	6.7	Back dividends amounting to 29¾% due on preferred. In position to begin reducing this accumulation. (A)
White Motor	13.93	8.17	N.B.	72	50	95	57	91	4.00	4.4	In position to pay higher dividend. (C)
e Estimated. N.B. No report. †Years ended Nov. 30. ‡Years ended August 31.											‖ Year ended Nov. 30. ¶ Six months May 31. * On basis present capitalization. § Exclusive of extras.
Amer. Bosch Mag	1.55	0.78	1.75	38	22	54	26	33	....	..	Has not yet established sufficient earning power to warrant dividends. (C)
Continental Motors	‡1.08	‡1.44	0.80	8	6	11	8	10	0.80	8.0	Benefited by high rate of automobile production. Strong in working capital. No bank loans. No change in dividend expected. (C)
Eaton Axle & Spring	1.61	0.85	*1.50	24	8	20	10	18	2.00	11.1	Dividends only lately resumed. Making fairly good showing but present dividend probably the co.'s limit (C)
Elec. Storage Battery	7.97	7.94	N.B.	66	50	70	60	64	4.00	6.3	Radio and electrical equipment business considerable factor in earnings. Able to pay more. (A)
Fisher Body Corp.	†‡8.10	†‡8.90	‡6.08	†60	†40	96	60	82	5.00	6.1	Becoming increasingly important factor in body building industry. Likely to pay higher rate eventually. (C)
Hayes Wheel	6.61	3.16	4.12	52	32	43	30	42	§3.00	7.1	Extra dividends being paid as result of marked increase in earnings. (C)
Kelsey Wheel	15.84	9.50	N.B.	104	76	104	88	90	6.00	6.7	Has good record and strong financial position. Could increase dividend. (C)
Martin-Parry Corp.	6.53	3.81	N.B.	37	31	37	20	20	2.00	10.0	Dividend cut in half. Company suffering from increasing competition. (B)
Reynolds Spring	1.46	def	N.B.	22	9	18	8	9	....	..	Dividend recently passed. Erratic earning power. Position speculative. (B)
Spicer Mfg.	2.66	2.32	N.B.	20	7	33	15	31	....	..	Has variable earnings record. Could pay small dividend. (C)
Stewart-Warner Spd.	14.11	5.84	5.77	100	48	77	55	68	5.00	7.4	High rate of earnings and strong working capital position indicate likelihood of extra dividends. (C)
Stromberg Carburetor	11.62	7.02	N.B.	84	54	79	61	68	6.00	8.8	Showing comfortable margin over current dividend requirements. (C)
Timken Roller Bearing	6.75	4.84	3.31	41	31	46	37	44	§3.00	6.8	Paying extras at rate of 25c a share quarterly. No alteration in dividend policy anticipated. (C)

† On basis present capitalization. ‡ Years ended April 30. * Estimated. § Exclusive of extras. (A) Attractive. (B) Unattractive. (C) High enough. N.B. No report.

sales, yet plants were running at capacity. Material costs and wages are still high. Notwithstanding price cuts early in the year, profit margins were well maintained by virtue of quantity production.

Production rose to new heights in April but the producers have not fallen into the former error of accumulating inventories.

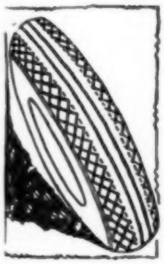
Prices are being revised downward here and there but with no suggestion of serious derangement to profits. The financial position of the automobile companies has been rendered stronger as a result of good first and second quarter earnings. Of the companies that entered the year with scars of post-war deflation still visible, the last of these is now fairly recovered.

Profits during the second half-year will reflect the usual lessening of activity but a number of producers could well afford to adopt more liberal dividend policies.

The accessory and parts manufacturers have participated fully in the motor industry's prosperity. Sales of these concerns registered a peak in April which conformed with motor car production. Since then, there has been a gradual sag but no evidence of weakness. As with the motor industry, the seasonal falling off is less pronounced than usual. The probabilities are that profits in the next few months will be smaller but results should, nevertheless, be quite encouraging.

The Tire Industry Recovers

Improved Financial Status—Profits and the High Cost of Rubber



IF the persistent rise in crude rubber has complicated the business of tire making by threatening to take a slice out of profits, the commodity's hectic advance, nevertheless, is not an unmixed evil. For the first time in several years, tire manufacturers have been a unit in advancing prices. Prior to this, the industry's great potential producing capacity has halted each incipient recovery. Periods of rising demand have been followed by over-production and ruinous price wars.

The steady expansion in use of motor vehicles, however, has finally brought tire consumption into more equable relationship with manufacturing capacity. The phenomenal bull movement in rubber has driven the industry to abandon internal dissension. It has been forced to present a united front to the new menace thus presented.

Tire prices have been advanced several times since the beginning of the year. Current quotations on tubes and casings are not yet at the level justified by the raw material situation but producers probably feel that it is better policy to absorb a part of the added expense than to boost prices too sharply. Rubber, of course, is the heaviest item in the tire maker's bill of expenses. The loss in profits on this account has not been as disturbing as might appear on first thought, however.

Tire demand, as already stated, has been expanding steadily. This season it carved a new high mark. Aside from the outpouring of new automobiles and larger replacement business, the advent of the balloon tire has stimulated tire operations. Incidentally, this innovation must bear a share of responsibility for the greater use of crude rubber and hence for the difficult price situation.

Popularity of this low pressure casing has been growing. It appears destined to replace the older types eventually but such a change cannot come at once. Several seasons must pass before a complete metamorphosis takes place. Meanwhile, the tire industry is required to carry stocks of both varieties. Despite this fact, inventories at the opening of the current season were of reasonable size.

Accordingly, tire making centers were quick to feel the seasonal impulse this year. Capacity operations have been the rule for several months. Recently, manufacturing schedules were readjusted to a lower rate of output, partly because of the uncertain raw material market, partly to avoid accumulation of excessive inventories and partly because of seasonal influences. The second half-year is usually relatively less active than the first half. Taken by and large, however, earnings will be the best in some years.

The turn actually came about the middle of 1924, since which time the stronger companies have shown steadily mounting profits. Notwithstanding the disparity between crude rubber and tire prices, operating economies have combined with capacity output to carry earnings to a higher level. The industry has greatly strengthened its financial status, although there is a rather wide variation in the position of individual companies.

Concerns like U. S. Rubber, Goodyear and Goodrich, have cleared away the debris of bank loans that cluttered their balance sheets as an aftermath of deflation. These companies will probably make up for the seasonal falling off in tire activities, to a certain extent, through their mechanical rubber and footwear departments during the fall months.

The larger units, moreover, are better situated than some of the small companies. The latter are not so well protected with raw material supplies purchased at lower average levels. The effect of this will probably be to postpone consideration of dividends until the crude rubber outlook shall have cleared, in any event. In fact a conservative policy with respect to dividends seems likely to prevail throughout the industry.

Position of Leading Tire Stocks

	Earned per share 1923	Earned per share 1924	Earned per share 6 mos. 1925	Price range 1924 High	Price range 1924 Low	Price range 1925 High	Price range 1925 Low	Recent price	Div. rate	Yield %	REMARKS
Ajax	def	$1.56	$0.24	14	4	15	10	14	....	..	Affected by high price of raw material. Dividend unlikely. (C)
Fisk a	b$11.43 c 1.07	11.80 0.84	d 10.84 1.72	86 13	38 5	107 22	75 10	106 21	$7.00	6.6 ..	Earnings improvement foreshadows action toward reduction of 26% arrears on preferred. Common dividend remote. Preferred (A) Common (C)
Goodrich	0.66	10.27	9.84	38	17	59	36	55	4.00	7.3	Earnings best in several years. Common dividends resumed in July. Conservative rate likely to be maintained in view of conditions. (C)
G'year 7% Cum pfd.	7.90	16.07	8.31	90	39	105	86	104	7.00	6.7	Preferred stock still carries arrears of 29¾%. Some adjustment probable. (A)
Kelly	def	def	N.B.	35	9	21	12	20	....	..	Making progress slowly. Common dividend remote. (B)
Lee	def	def	N.B.	17	8	18	11	16	....	..	Showing some improvement. Dividends not in early prospect. (C)
U. S. Rubber	2.30	3.90	N.B.	42	22	65	33	57	....	..	Ownership of own rubber plantations decided advantage. Financial status materially improved. Approaching dividend class but early payment unlikely. (C)

a Year ended Oct. 31. b On 1st preferred. c On common. d Six months ended April 30. (A) Attractive. (B) Unattractive. (C) High enough. N.B. No report.

Preferred Stocks

THE feverish activity witnessed among the speculative non-dividend paying preferred stocks noted in our last issues subsided during the past two weeks. Prices among the standard issues showed little change. Here and there advances of a point or so were witnessed with similar declines on light offerings among other stocks. On the whole, prices presented a very stable appearance, the yields obtainable still being attractive to investors who are not satisfied with the low returns secured from bonds. We have added to the Guide the preferred stocks of Dodge Brothers, Inc. and Consolidated Cigar Corporation to our list of semi-speculative investments. Considering earning power, outlook and price levels, we believe these stocks at ruling quotations not only return excellent yields, but have good opportunities for ultimate price enhancement, which should make them attractive for a business man's funds. As previously stated, there are a number of instances where preferred shares are selling under their intrinsic value and careful selection of such issues should prove profitable to investors.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
General Motors Corp....................(c)....	7	112	6.3	(y) 5.1
Cluett-Peabody & Co. ....(c)....	7	106	6.6	3.5
Loose-Wiles Biscuit Co. 1st..............(c)....	7	105	6.7	2.5
Studebaker Corporation ....(c)....	7	118	5.9	20.0
Schulte Retail Stores Corp..............(c)....	8	113	7.1	(w) 10.0
Gimbel Brothers, Inc. ....(c)....	7	104	6.7	3.3
Baldwin Locomotive Works ....(c)....	7	109	6.4	3.2
Endicott-Johnson Corp. ....(c)....	7	115	6.1	4.5
American Smelting & Ref. Co.............(c)....	7	111	6.3	1.7
American Steel Foundries ....(c)....	7	110	6.3	6.7
U. S. Industrial Alcohol Co.............(c)....	7	111	6.4	5.2
Associated Dry Goods Co. 1st............(c)....	6	98	6.1	4.0
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	50	6.0	(w) 6.9
Philadelphia Company ....(c)....	3	49	6.1	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	111	6.4	....
New York, Chicago & St. Louis...........(c)....	6	92	6.5	(y) 3.7
Chesapeake & Ohio conv..................(c)....	6.50	108	6.0	9.0

MIDDLE GRADE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Bush Terminal Buildings Co..............(c)....	7	100	7.0	1.1
Brown Shoe Co. ....(c)....	7	105	6.7	3.9
Cuban-American Sugar Co. ....(c)....	7	97	7.2	7.5
American Ice Company ....(n-c)....	6	85	7.2	2.0
Armour & Co. of Del......................(c)....	7	97	7.1	(w) 2.3
Allis-Chalmers Mfg. Co. ....(c)....	7	107	6.5	2.8
Genl. American Tank Car Co..............(c)....	7	102	6.9	4.0
Natl. Cloak & Suit Co. ....(c)....	7	102	6.9	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd............(c)....	3.50	50	7.0	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st.......(c)....	7	98	7.1	2.8
Public Service of N. J. ....(c)....	8	115	7.0	3.4
RAILROADS:				
Baltimore & Ohio ....(n-c)....	4	66	6.1	(y) 4.75
Bangor & Aroostook ....(c)....	7	92	7.6	2.5
Colorado & Southern 1st pfd...........(n-c)....	4	63	6.4	7.5

SEMI-SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Famous Players-Lasky Corp. ....(c)....	8	118	6.7	(y) 6.5
Pure Oil Co. conv. pfd. ....(c)....	8	107½	7.4	4.2
American Beet Sugar Co. ....(c)....	7	87	8.1	1.5
National Department Stores..............(c)....	7	97	7.2	4.0
Austin Nichols & Co.	7	92	7.6	1.8
Worthington Pump & Mfg. "A"............(c)....	7	80	8.7	2.0
Orpheum Circuit ....(c)....	8	102	7.8	(w) 3.2
International Paper Co. ....(c)....	7	86	8.1	1.75
Dodge Bros., Inc. ....(c)....	7	81	8.6	..
Consolidated Cigar Corp. ....(c)....	7	84	8.3	(x) 3.0
PUBLIC UTILITIES:				
American & Foreign Power Corp.........(c)....	7	90	7.7	(w) 2.0
Hudson & Manhattan Ry...............(n-c)....	5	71	7.0	(x) 3.6

SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
RAILROADS:				
Chicago, Rock Island & Pac.........(5-7%)....	7	96	7.3	(x) 1.35
Gulf, Mobile & Northern.................(c)....	6	95	6.3	(x) 1.3
Western Pacific ....(c)....	6	74	8.1	(x) 1.0

(c) Cumulative. (n.c.) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
† Average number times earned last five years.

HOW THE STOCK MARKET LOOKS UNDER THE MICROSCOPE

(*Continued from page* 711)

to the upward movement of the general market were held back by the fact that their earnings, except at irregular periods, have been comparatively small.

All in all, the conclusion seems to be that while the stock market itself may have proved only an inconclusive barometer of general business conditions, the movements of the individual groups have been an infallible barometer of conditions in these individual industries. For example, it will be noticed that the greatest advances in the market have been of groups representing industries which have steadily increased their earnings while the greatest declines have been among those affected by declining earnings. It is apparent that knowledge of specific industrial conditions is invaluable.

The value in putting the market under the microscope in this way, then, is that it places us face to face with the real facts of the situation, as it enables us to determine which groups are relatively high and which are low.

For purposes of comparison, the writer has herewith appended charts portraying the situation in eighteen leading market groups and also a table giving the position of the same groups plus a few others of importance.

Of what practical value is this study? In other words, how can the investor utilize this new knowledge to his advantage in his future investments? *The writer's view is that neither the groups which have shown the largest advances nor the largest declines are attractive.* The first is unattractive because it has already more or less fully measured its prosperity, and the second group is too speculative because conditions in these industries are still depressed, and it is possible that the depression may go further before the movement is definitely arrested. Naturally, the best remaining opportunities are in those market groups which have shown themselves capable of advancing, owing to a generally satisfactory condition in the respective industries, but which have not yet advanced far enough to place their stocks on an unattractive basis. Among such groups, the writer would classify: rails, farm machinery, steel, petroleum, metals, tobacco, telegraph cable, and chemicals. All of these groups, it is true, are higher than they were in January, 1922, but not so much so, except in individual cases as to make them unattractive from a market viewpoint. Naturally, the investor who intends to proceed along the lines of this survey, will still find it incumbent to definitely ascertain the outlook for any given stock in which he may be interested, no matter what the outlook for the group to which it belongs may be, before he makes his investment.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

ALABAMA & VICKSBURGH RY. CO. (THE) (See Illinois Central R. R. Co.)

AMERICAN CHICLE CO.
Oct. 1—To redeem: all 5-Yr., 6% g. Notes, due Oct. 1, 1927 $297,250

AMERICAN WATER WORKS & ELECTRIC CO., INC.
Aug. 24—To retire: at 105, Bal. of 6% Participating Pfd. not exchanged.

ATLANTIC GULF & WEST INDIES STEAMSHIP LINES
To acquire: NEW YORK & CUBA MAIL bonds, and other obligations of the WARD LINE....................$5,000,000
Aug. 24—To change par value: of Com. from $100 to no par... ..
To increase: Auth. Com. from 200,000 shs. to 300,000 shs.
Until Sept. 15—Com. Holders of record Aug. 28 to have right to subscribe, at $40, to 1 sh. new Com. for each 3 shs. held.
shs. 49,818

BETHLEHEM STEEL CORP.
On and up to Sept. 1—Will redeem: PENNSYLVANIA & MARYLAND STEEL cons. joint mtg. 30-Yr. 6s; due Sept. 1, 1925, all
$3,931,000
On and up to Jan. 1, 1926—Will redeem its 1st extension mtg. 5s; due Jan. 1, 1926, all....................$6,330,000

BOSTON & MAINE R. R.
Before Oct. 1—To readjust capital structure; in accordance with plan made public Apr. 2 by General Committee of Bondholders and Stockholders.

BUFFALO, ROCHESTER & PITTSBURGH RY. (See Delaware & Hudson Co.)

CERTAIN-TEED PRODUCTS CO.
To issue: privately, at not less than $40, Add. Com....shs. 100,000
To redeem: all 1st mtg. 6½s, '25-'43....................$7,760,000

CHILDS CO.
To pay: to Com. Holders a Div. of 1% in Com. Stk. on each of the following dates:—Oct. 1, Dec. 1.

DEERE & CO.
To redeem: all 10-Yr., 7½% g. Notes, '31............$7,516,000

DELAWARE & HUDSON CO.
To transfer: to new Company-owned Subsidiary, its investments in coal properties, with book value of about..............$27,000,000
To acquire: through 999-Yr. lease, the BUFFALO, ROCHESTER & PITTSBURGH RY.; at a rental sufficient to assure 6% on the $16,500,000 outstanding Pfd. & Com. Stk. D. & H. is also to pay all fixed charges, and assume maturing debts.

DU PONT (E. I.) DE NEMOURS & CO., INC.
Sept. 1—To redeem at 106, all 10 Yrs., g. 7½s, '31......$10,000,000

FISHER BODY OHIO CO. (Subs. of FISHER BODY CORP., controlled by GENERAL MOTORS CORP.) Until Oct. 1—Will redeem: at 110, all 8% Cum. Pfd. Stk. $10,000,000

GENERAL ELECTRIC CO.
On and up to Sept. 1—Will redeem: at 107½, all deb. 5s, '52
$15,136,500

GENERAL MOTORS CORP. (See Fisher Body and Yellow Cab Mfg.)

GENERAL RAILWAY SIGNAL CO.
Oct. 1—To redeem: at 110, all 1st mtg., 20-Yr. cv. 6½s, '44
$2,000,000

GLIDDEN CO. (THE)
Until Aug. 17—Com. Holders of record July 22 have right to subscribe, at $20, to 1 sh. new Com. for each 9 shs. held....shs. 35,836

ILLINOIS CENTRAL R. R. CO.
Plans to control: the ALABAMA & VICKSBURG RY. (with $4,200,000 Cap. Stk.) and the VICKSBURG, SHREVEPORT & PACIFIC RY. (with $4,999,300 Pfd. & Com. Stk., and $3,845,000 funded debt), through 250-Yr. leases. Lessee is to guarantee Int. & Divs. on outstanding securities of the two leased roads.

INTERNATIONAL PAPER CO.
Until Jan. 15, 1926—Holders of $25,000,000 6% Cum. Pfd. may exchange, sh. for sh., for 7 Cum. Pfd., upon payment of $10 a sh. cash.

INTERNATIONAL SHOE CO.
To create: new issue of 6% Pfd. (Divs. payable monthly).$10,000,000
Dec. 1—To retire: at $115, all 8% Pfd............$17,800,000
(Holders must indicate, before Sept. 1, whether they prefer to receive $115 cash, or ½ sh. new 6% Pfd. and $65 cash.)

KRESGE DEPARTMENT STORES, INC.
Aug. 26—To increase: Auth. Com. Stk. from 200,000 shs. to 700,000 shs.

LACLEDE GAS LIGHT. CO. OF ST. LOUIS.
To issue: long term, 6% Notes..........................$3,000,000

MARLAND OIL CO.
Nov. 1—To redeem: at 101, all 2-Yr. 5% Notes, due Nov. 1, 1926; of which there were Outstanding, June 30..............$13,695,000

METROPOLITAN EDISON CO. (Also see Pennsylvania Edison Co.)
Oct. 1—To retire: at $115, all Series "A," $7 Participating Pfd.
shs 74,314
Nov. 1—To redeem: at 105½, all refndg. & imprvt. 8s, '35.$1,593,000

MISSOURI PACIFIC R. R. CO. (See New Orleans, Texas & Mexico.)

MOTOR WHEEL CORP.
Sept. 1—To redeem: at 103, s. f., g. 6s, '33, all............$1,405,500

MURRAY BODY CORP.
To pay: to Com. Holders a Div. of 1¼% in Com. Stk. on each of the following dates: Oct. 1, 1925, and Jan. 2, 1926.

NEW ORLEANS, TEXAS & MEXICO RY. CO. (Subs. of MISSOURI PACIFIC R. R. CO.)
To acquire control: of the SAN ANTONIO, UVALDE & GULF (318 Mis. long); and five other lines—the SUGARLAND; ASHERTON & GULF; RIO GRANDE CITY; ASPHALT BELT; and LIVE OAK PIPE LINE. Cost will be..................$4,700,000

NIAGARA FALLS POWER CO.
Until Aug. 25—Com. Holders of record July 30 have right to subscribe, at $4, to 1 sh. NIAGARA SHARE CORP. Com. for each sh. held ....shs 719,660

PACKARD MOTOR CAR CO.
Aug. 31—To retire: at $110, all 7% Cum. Pfd............$9,500,000

PAN AMERICAN PETROLEUM & TRANSPORT CO.
Stockholders to be offered right to subscribe to Stk. of the PAN AMERICAN WESTERN PETROLEUM CORP.

PENNSYLVANIA EDISON CO. (Subs. of METROPOLITAN EDISON CO.
Oct. 1—To retire: at 110, all $8 Cum. Pfd...............shs 19,777

PIERCE-ARROW MOTOR CAR CO.
Oct. 1—To retire: at $100, all $8 cv. Prior Preference Stk.
shs 12,408

PITTSBURGH STEEL CO.
Aug. 20—To increase: Auth. Com. Stk. from $19,500,000 to $39,500,000.
To authorize: an issue of $2,250,000 unsecured short term Notes.
(All of the Notes, and part of the new Stk., are to be used to purchase the $6,000,000 Cap. Stk. of the PITTSBURGH STEEL PRODUCTS CO., with plants in Allenport and Monessen, Pa., manufacturing seamless tubes.)

READING CO.
Until Dec. 31—Com. and 1st and 2d Pfd. Holders of record Dec. 17, 1923, have right to subscribe, at $4, to 1 sh. no par Cap. Stk. of PHILADELPHIA & READING COAL & IRON CORP. for each 2 shs. of Reading held................................shs 1,400,000

ST. LOUIS-SAN FRANCISCO RY. CO.
Sept. 4—Stockholders to ratify acquisition: of the $2,500,000 Cap. Stk. of the MUSCLE SHOALS, BIRMINGHAM & PENSACOLA R. R. CO., for cash $305,000
Also to ratify acquisition: of the following five roads: SPRINGFIELD CONNECTING RY.; FAYETTEVILLE & LITTLE ROCK R. R.; LITTLE ROCK & TEXAS RY.; PITTSBURGH & COLUMBUS RY.; and JONESBORO, LAKE CITY & EASTERN R. R.
Until Oct. 1—Offers to redeem: at par, all of its Southwestern Division 1st mtg. 5s, '47 ....$379,000

SHATTUCK ARIZONA COPPER CO.
To consolidate: with the DENN-ARIZONA COPPER CO. The 350,000 outstanding shs. of Shattuck, and 450,000 shs. of Denn-Arizona, will be exchanged for an equal number of shs. of the recently organized "SHATTUCK DENN MINING CORP." (With Auth. capitalization of 1,000,000 shs no par Cap. Stk.)

SOUTHERN PACIFIC CO.
Plans to acquire: the NEVADA-CALIFORNIA-OREGON, which operate 154 Mis. of R. R. in the Northwest, through exchange of $750,000 of its own bonds for an equal principal amount of N-C-O Pfd. Stk. $750,000

STANDARD GAS & ELECTRIC CO.
Sept. 1—To redeem, at 105, all cv. deb. 6½s, '54. Up to July 8, there remained unconverted $2,347,000

TIDE WATER OIL CO.
Until Aug. 14—Com. Holders of record July 24 have right to subscribe, at $100, to 1 sh. new 5% Cum., cv., Pfd. for each 8 shs. held.
$25,221,500
Aug. 15—To redeem: at 101¾, all 10-Yr. g. 6½s, '31....$12,000,000

U. S. REALTY & IMPROVEMENT CO.
Nov. 1—Privilege of converting 7% Cum. Pfd. into Com., sh. for sh., expires. (Up to July 1, $7,234,900 Pfd. had been converted; leaving only $846,500 Out.)

VICKSBURG, SHREVEPORT & PACIFIC RY. CO. (See Illinois Central R. R. Co.)

WILSON & CO., INC.
Time extended to Aug. 15—for filing written proof of claims.

YELLOW CAB MANUFACTURING CO.
Aug. 17—To create: new issue of $100-par, 7% Cum. Pfd. Stk.
$20,000,000
To create: new issue of $10-par, voting, Com. Stk.......$10,000,000
To retire: all Class "A" Stk..............................$675,000
To change name: to "YELLOW TRUCK AND COACH MANUFACTURING COMPANY."
To exchange: 800,000 shs. New Com. for the plants and other assets of the GENERAL MOTORS CORP. truck division; book value.
$16,000,000
Subsequently—To pay: to Class "B" Holders a Div. of $25 in 7% Pfd. $15,000,000

Why Did You Buy That Stock?

BYFI is in receipt of a very intemperate editorial written by a reader of the Department. The editorial is headed, "Why Did You Buy That Stock?" and reads as follows:

"Did you buy it on a tip from a friend? You will lose. Not immediately, perhaps; but sooner or later. Tips are generally worth just what they cost—which is nothing. The man who makes a profit on one tip will, as like as not, 'double up' on the next one; and then he will lose, not only his original profit, but more besides. Why? Because 99 times out of 100, tips are not based on real inside information; and the 100th time, the inside information falls down.

"Did you buy on 'prospects'? You will lose. Stocks that are selling on a 'prospect' basis are seldom worth their market price. It is Management — Earning Power — Industrial Scope — Financial Condition *and* prospects which make a security desirable, or the reverse. No one of these factors alone will do the trick.

"Did you buy it because the per share price was low?" the intemperate editorial continues. "You will lose. It is the per share price in terms of tangible asset value and earning power that counts. The present U. S. Steel stock would be absurdly cheap at $15 per share; but Steel, split up 20 for 1, would not be cheap at $15—not even though thousands of investors rushed to buy it at that figure, as thousands would do if it were split up 20 for 1. Per share values are purely relative. Some day, the investing public will grasp this fundamental truth.

"Did you buy it because the yield was high? What made you think that a sufficient reason?

"Security prices are controlled by the law of supply and demand. If a security be eminently sound and desirable (except in infrequent cases) there will be no lack of demand for it. If it is not eminently sound, it will be in comparatively free supply.

"The resultant market price, in terms of current dividend payments, will determine the yield. Therefore, yield is a reflex, rather than a positive quality; it is an indication of what is, and what is not, rather than of what should or shouldn't be.

"These are elementary truths, no doubt—trite, stale and tattered. Yet they are of a long series of

similarly elementary truths which investors seem determined not to learn.

"The lure of 'inside information' (tips) or of a low market price per share, or of a high indicated yield: Everywhere, it is illusory factors like these which seem to lead investors on.

"Probably the average investor's un-faith in financial standards plays a large part in the matter. He is not mature, this average investor; he has not lived through ebb and fall; he does not recognize the tides. He is easily led astray by the lure of novelty—catch-phrases—new standards.

"Give me a low market price, a high dividend yield, some inside information to dispense, and I will sell a million shares of any stock. It is the really desirable investments that are hard to market."

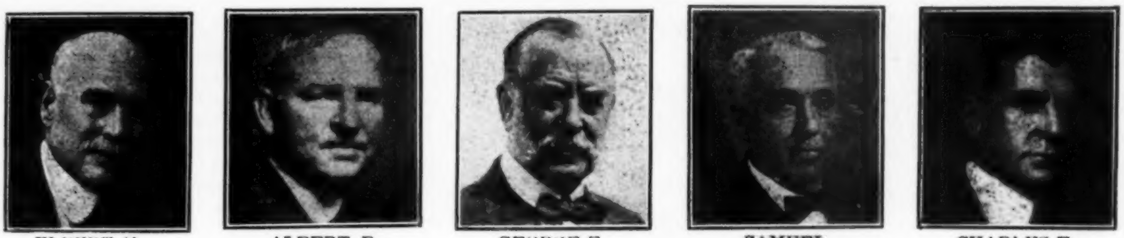
The editorial we have described as "intemperate." We apply the term as a castigation of the writer for his conclusions with regard to the average investor. It was Franklin P. Adams who held that, in his opinion, "the average reader is very much above the average": we feel that same way about the average investor.

At the same time, there are undoubtedly several thousand would-be investors to whom the intemperate editorial may come as a bit of wholesome truth. We print it, in the hope that it will catch their eye.

The Best Management I Ever Knew

What It Has Accomplished and the Odds It Has Overcome

By JAMES W. MAXWELL



ELBERT H. GARY — ALBERT R. ERSKINE — GEORGE F. BAKER — SAMUEL VAUCLAIN — CHARLES E. MITCHELL

FAMOUS MANAGERS

Judge Gary of the Steel Corporation; Presidents Erskine of the Studebaker Corpn., and Vauclain of Baldwin Locomotive; Charles E. Mitchell of the National City and George F. Baker of the First National: All executives of the far-seeing, able type described by the writer in the accompanying article.

IN a series of articles, which readers of BYFI seem to enjoy, the writer has described "the best" investor he ever knew, "the worst" investor he ever knew, and "the most dangerous fault," in his opinion, an investor can have.

I now tender my views on the subject, "The Best Corporation Management I Ever Knew."

At this point, it occurs to me as only due my readers that I disown any tremendously wide, or exceedingly intimate acquaintanceship with corporation managements. I have, it is true, been a student of corporation affairs—first, perforce, and later by choice—for a good many years; yet I should be the last to pose as a final authority on the subject.

I am merely one of thousands who, over a period of time, has formulated certain definite notions and who is willing to offer them to others for inspection, for whatever they may be found to be worth.

Inherited a Broken-Down Enterprise

The best corporation management I ever knew inherited a broken-down enterprise about seven years ago. The enterprise was—well, if I tell you just what line of industry it engaged in, you will guess its identity; so I shall merely content myself with saying that it was an "industrial enterprise" engaged in a large, although not what could be called an essential field.

The corporation had been nicely run into the ground by the previous management. At the time the executive board of which I speak took office, its credit had been all but totally destroyed, its name was little short of anathema in the trade, there was no real "good will" in the company's intangible assets, whether as regards the trade or as regards the public. What is of even more direct significance to investors, several years' worth of dividends had been passed on the company's cumulative preferred issues outstanding, and the faint prospect of any discharge of these obligations had forced the price of the preferred issues down to woefully few dollars per share.

The First Official Act

The new management, in this enterprise, is led by a single individual, in the sense that one individual was offered the job of rebuilding the company, and has always been recognized as the "big boss." His first official act was to reduce his own individual importance, however, and he has worked more and more closely along these lines

(Please turn to page 763)

"Financial Independence at Fifty"

A Famous Slogan Applied to One Family's Career

By "R. G. A."

"Not for to hide it in a hedge
"Not for a train attendant,
"But for the glorious privilege
"Of being independent!"
—Robert Burns

OUR slogan is an echo of BYFI'S—Financial Independence at Fifty—and to that end my wife and I have bent our efforts as outlined below. This is our budget:—

Income	$4,000.00
House Expenses..........	$1,080.00
Food, Clothing, Sundries...	1,800.00
Life Insurance...........	360.00
Building and Loan........	120.00
Savings and Investments...	640.00
	$4,000.00

When we were married two and one-half year ago, we had $4,000—$3,500 in cash and $500 in a first mortgage real estate bond. Coming to Pittsburgh from New York City as newlyweds, we secured a furnished apartment in order that we might leisurely look about and select a desirable section where we might permanently locate. Three months of reading the "For Rent" ads and tours in various directions soon disclosed the fact that the rents for a suitable apartment were excessive.

We then came to the conclusion that it would be wiser to purchase a home at a reasonable price rather than to pay these high rents. After another three months of searching, we succeeded in securing a ten-year old, five-room and bath frame dwelling, in good condition, situated very conveniently to the business section of the city but still with surburban surroundings. Fortunately, we were able to secure favorable terms, paying $1,400 down (the remaining $2,000 cash was used to furnish our home) and secured a first mortgage of $3,200 and a second of $1,400.

Considering our income of $3,500 at this time, we figured that the purchase price should not exceed $6,000, inasmuch as it would be necessary to pay off $100 every three months on the second mortgage. We alloted $90 a month to carry and pay all the expenses of our home, including—interests, taxes, fire insurance, payments on second mortgage, repairs and upkeep, coal, gas, electric light and telephone. *We have now practically completed two-years' residence in our home and have found our budget amount covers all the above items adequately.*

Our second item covers food, clothing, gifts, vacations, amusements and all other incidental living expenses.

Life Insurance Provision

Realizing early in life the advantages of Life Insurance and in view of a limited income, it was necessary for me to give this subject considerable time and study, after which I came to the conclusion that my circumstances required the largest amount of protection at the smallest cost.

At the age of 22, I obtained $3,000 straight life insurance, premium $56.40, my plan being to leave all dividends with the company so as to eventually give me a paid up policy.

At 24, I increased my Life Insurance by obtaining $3,000 additional under the same plan as outlined above, premium $59.01.

At 26, I made another increase of $10,000, premium $185.80, using the same plan, making a total of $16,000 Life Insurance, all of which is made payable to my wife as beneficiary.

At the time we were married my wife had a $1,000 twenty-payment life policy, premium $22.00 and $1,000 straight life, premium $16.90, on which she also left the dividends accumulate

with the company which will eventually make the policy a paid up one. I also carry a $7,500 double indemnity accident insurance premium $18. The total annual insurance premiums amount to $360.11.

We have opened a savings account with a local banking institution whose interest dates are January and July because our largest premium comes due July 7th, and this enables us to withdraw this amount after the interest period. Our plan is to deposit in this account the $30 allotment provided for in our budget.

For the past eighteen months we have been members of a Building and Loan Association, holding ten shares, which requires that we deposit $10 each month. Our idea in joining the Building and Loan Association was to be in a position to replace our present first mortgage which is held by a trust company with this association. In addition to eventually paying off our first mortgage, this procedure eliminates all bonuses, title searching, and recording fees and trouble and suspense as to trust company's decision of renewal which is a part of all three-year straight mortgage systems.

Distribution of Investments

Our investments and savings are divided as follows: Savings account—$300; First Mortgage Real Estate Bonds—$1,300; Stocks—$1,000, of which we at present owe $450, the bank holding our note with the stock as collateral.

At the beginning of each month a payment of $52 is being made on the unpaid balance.

All dividends on stock and interest from bonds is added to this payment and we immediately begin to receive the full benefit of compound interest.

We purposely keep our savings account low and prefer to invest a reasonable proportion of our accumulation in stocks yielding us a return of 2 to 2½% more than the savings account, the idea being, should there come a time when we need cash immediately over and above the amount in our savings account, we can borrow it at the bank by using our stocks as collateral. In the meantime, we are receiving this excess yield, in addition to a possible market appreciation.

The progress we make from year to year is clearly shown to us by making up an annual statement. Elsewhere on this page is found a preliminary statement for 1925:

It may be possible that the writer's judgment may be questioned in view of his carrying a second mortgage and having more than sufficient funds invested in other channels which might be, to some minds, better invested in paying off the second mortgage. My idea in making the initial allotment to the house account was with the thought of making it sufficient to pay off our second mortgage as we went along rather than making larger payments than required. In this way all of our ready capital would not be invested in our home for one never knows when immediate financial assistance is necessary and a second mortgage cannot usually be placed without considerable search and expense.

Looking Back

Looking back over our past experience, we feel that we are headed toward Financial Independence At Fifty. After next year we will have only one mortgage to contend with and it is our intention to reduce the monthly allotment to the House Expense Account from $90 to $55, in addition to which we will apply the $10 we now deposit with the Building and Loan toward the paying off of the first mortgage. This will give us $35 additional each month which will be added to our Savings and Investment Account. As yet I do not believe I have reached the maximum of my earning capacity and should we in the future be blessed with "little strangers who come to stay a long time" I feel that their expenses will in all probability be met by an additional increase in our income.

With a reasonable amount of good health and a fairly even break with "Dame Fortune," I feel that our precepts and plans will in the course of the next twenty years find us at our goal.

Our Own Balance Sheet

ASSETS

Property	$6,000.00
Household furniture and personal effects	1,500.00
Bonds—First mortgage real estate	1,300.00
Stocks	1,000.00
Checking account—Living expenses	220.00
Checking account—House expenses	270.00
Savings Account	300.00
Building & loan—10 shares	180.00
	$10,770.00

LIABILITIES

First mortgage	$3,200.00
Second mortgage—Balance due	620.00
Note—Balance due on stocks purchased	450.00
	$4,270.00

Assets	$10,770.00
Liabilities	4,270.00
Surplus	$6,500.00

COMPARATIVE ANNUAL STATEMENT

Date	Assets	Liabilities	Surplus	Increase or Decrease
Dec. 31, 1923	$9,482.41	$4,290.00	$5,192.41	$840.33—Increase
Dec. 31, 1924	10,770.00	4,270.00	6,500.00	1,307.59—Increase

"Replying to Your Inquiry—"

Two Letters from a Day's Grist of General Interest to Insurance Buyers

By FLORENCE PROVOST CLARENDON

I AM not always where I can read each week THE MAGAZINE OF WALL STREET, *but when I do read it I always turn first to your department articles because I have long intended to purchase a non-participating annuity (payable monthly). I have been informed that Americans can purchase in England annuities at greatly more favorable rates than in America. If you know if this is true will you please give me the name of some very old and strong English Life Insurance Companies? I have obtained the rates for annuities from two Canadian life insurance companies, The Sun Life Insurance Company of Montreal, Canada, and The Great West Life Assurance Company of Winnipeg, Canada. This last company I have been informed wrote last year the largest amount of life insurance of any Canadian company and, being a new country, obtains higher interest rates for its invested capital than American companies can obtain. This "Great-West" company will sell me a non-participating life annuity (payable monthly) of $10.72 on each $1,000 paid them in one payment, premium payable in American funds. I have $6,000 left out of the wreck of $10,000 (due to failure of one bank, one investment firm, and four stockbrokers). So it is but natural that I dare not take any more chances, and am somewhat doubtful of strong banks even, but have $6,000 in cash on deposit in the strongest savings bank in Chicago. The annuity rate given above is for a man 69 years of age. I shall be 69 Oct. 26, 1925. I now contemplate the purchase of a $5,000 non-participating annuity from the "Great-West" at the above rate, i. e., $10.72 per $1,000 (the $10.72 payable monthly ($53.60 monthly) for $5,000 in one premium). One of the officers of the C. R. I. & P. Ry. Co. is also one of the officers of The Metropolitan Life Ins. Co. of New York. Their annuity rates were slightly lower than other American companies, but they have revised their rates upward, and the "Great-West" rate is the most favorable I now know anything about. The Metropolitan Life Ins. Co. has lost large amounts by loans in the South on cotton lands, which lands they can now neither sell nor give away. Through The Atlanta Trust Co., of Atlanta, Ga., the attempt is being made to get Northern farmers on to these lands, men who know nothing, and care nothing, about cotton farming, and these farmers are being taught how to raise other crops and given every chance to buy these lands at very low prices. I can understand that in the magazine you would not wish to publish an article in which one company's rates would be compared unfavorably with the rates of other companies, and, as I do not see the magazine each week, it has occurred to me you would be willing to send me by mail the information I'd like from your ripe experience. Briefly, what I wish to know is this:*

Do you know of any more favorable rate than the "Great-West" has given me?

Do you know of any reason why it would not be advisable to buy an annuity of a Canadian or English Company?

Is it true that annuities can be bought at more favorable rates in England than in America?

Is the "Great-West" a safe company to buy an annuity from in your opinion? (I have never known a large insurance company to fail, but many very large banks do fail.)—M. A. J., Chicago, Ill.

I think you are misinformed in regard to English life insurance companies giving more favorable returns under annuity purchase prices than can be obtained from American companies. The rates I have observed in comparison have shown the advantage in this respect to be with the American companies. Several of the Canadian companies—particularly the Sun Life of Montreal—have offered attractive returns under Annuities, but a number of the companies, both American and Canadian (including the Sun Life) have recently decreased the annuity income offered under such purchases owing to the lower rate of interest now obtainable on good investment securities.

The rate of return among the good Old Line companies featuring Annuity contracts vary somewhat—although not materially, and the monthly income of $10.72 on each $1,000 of purchase price at age 69 offered by the Great West Life of Winnipeg, is a little higher than such quotations in other companies to which I can now conveniently refer.

The Great West is an excellent Old Line company with a good reputation, and there is no reason why you could not advantageously take out an annuity with that institution if you so desire, assuming the annuity income is to be paid in American exchange. The company is licensed for business in Illinois, and must therefore carry sufficient assets and securities in that state to fully cover its obligations therein.

I am not familiar with the report that the Metropolitan Life has "lost large amounts by loans in the South on cotton lands"; but even assuming it to be true, such losses could only be a veritable "drop in the bucket" in the case of the institution you name. It is the largest life insurance company in the world, ably managed, with an excellent reputation for justice and liberality to its policyholders. Its investments are so diversified and so conservative (as must necessarily be the case in a good Old Line life insurance company) that the interests of policyholders are consistently safeguarded. It is possible that your information along the lines you infer may have been derived from the agent of another company. May I suggest that the statements of such an agent regarding his own company's greater reliability would have to be scrutinized with the same care as his derogatory reflections in respect to a competitive institution?

FOR A WIDOW WITH A CHILD OF SEVEN

What Policy Would Best Meet Her Requirements?

Will you please advise me what suggestion to make in the way of life insurance, if any, for a widow with one child, who has recently been left a sum of money from which the income is ample for her and the child to live comfortably but not luxuriously?

This sum of money constitutes all that she possesses. Would it be a good thing for her to take out some sort of a policy so that in the event of sudden death her child would be provided for, and the proceeds of this policy in the event of her death be made payable to

(Please turn to page 769)

BYFI'S Recommendations Table

(For Small Investors)

$100 Bonds	Recent Price	Yield to Maturity
St. L. & S. F. R. R. prior lien 4s, '50	75	5.90
Laclede Gas 5½s, '53	100	5.50
U. S. Rubber 5s, '47	88½	5.85

Preferred Stocks	Per Share Dividend Rate	Recent Price	Yield
Cluett Peabody	7	106	6.60
American Ice	6	85	7.20
American Smelting	7	111	6.30
Radio Corp.	3½	50	7.00
Schulte Ret. St.	8	113	7.10

Common Stocks	Per Share Dividend Rate	Recent Price	Yield
American Tel. & Tel.	$9	140	6.40

An Investor for Twenty-six Years and Only One Loss!

By E. H. P.

MY first investment was made at the age of three. I now am 29 and have been making investments ever since and as yet have but one minor loss against my record. In handling money I early adopted the idea of "safety first" many years before that expression became an American by-word. Probably the best way of telling the story is by a chronological outline of experiences.

Shortly after my birth, a friend of the family presented me a $5 gold piece with which my parents started my bank account in a little iron bank. From time to time nickels and dimes and pennies found their way into the nesting place of that gold piece.

Soon after my third birthday, father borrowed my $5 to help pay for a fresh heifer costing $20. In return I was permitted to say whether I wanted my money back or a one-quarter interest in the cow. Kidlike, I chose the interest because an animal meant something and money just about nothing. Father cared for and fed the cow. For my part I sold one quart of milk a day, delivered it, collected for it, and banked the money, starting a savings account where it drew four per cent. It was a case of slow and gradual growth, as in those days 20 quarts of milk were sold for $1.

From milk sales and other money I had saved, the account mounted to $100 when I reached seven. My bank handled school children's funds so I deposited at school. On two occasions, the principal called upon me to tell the class how to save money because my account was the best in the lower grades.

About that time, father said something like this to me:

"Boy, it is just as easy to be 'dead broke' with $100 in the bank as it is when there is nothing there. It leaves you a nest egg."

I never have been below the $100-mark since. My account mounted slowly but very regularly. By the time the cow quit producing for me and had to be sold for $50, I was old enough to pick up odd jobs around the neighborhood, sprinkling lawns, throwing in light wood, and other little chores.

Father paid all my expenses during grade and high school, permitting me to add to my savings. During the vacations of the last two high school years, work in the fruit orchards, hay fields, and harvest netted fine sums to be added. On graduation, more sage advice was forthcoming from father, like this:

"Your mother and I are in comfortable circumstances but we never will be able to leave you a fortune. We have given you something more important, an education in how to save and get ahead. You have seen what compound interest will do. Steady savings, even of small amounts, will make you independent before you are as old as I. There is no such thing as getting rich quick."

The bank account grew steadily. My salary was necessarily small when I started to work but something was saved. When I had my salary increased to $14 a week I married. My wife kept working, earning $10 a week. She was right with me in plans for pursuing a direct course toward financial independence, so from now on it is "we." Each week we put something away, sometimes not much but always something.

We bought Liberty bonds when they were issued and when the price dropped to the eighties, averaged down hard on the best investment on earth, coming out in a short time with net profits of $230 on the deals.

We have bought real estate and sold at profits. We have bought real estate mortgages that have yielded a high and safe return. We have bought different kinds of bonds, all of which are worth as much or more than we have paid or have been redeemed at prices equal to or above the purchase amount. We have bought common stocks, too. We are long pull investors but like profits too.

One class of security only have we entirely overlooked—preferred stocks. Our reason, which may not be that of many good investors, is that preferred stocks bring but little more interest than bonds with something concrete behind them; that dividends may be passed on preferreds with impunity; and that if the company makes big profits, preferred holders do not share proportionately while they do share largely in the risks of ownership.

Here are some things we try to do:

Play safe;

Buy for a long pull but sell if profits pile up well;

Keep a one-third background of high-grade bonds;

Avoid the margin game entirely;

Avoid stocks which drop suddenly. We do not believe that all that goes down must go up, even if we are "long pullers";

Buy dividend paying stocks only;

Carry sufficient life insurance;

Keep studying investments;

Watch our holdings.

Eight years ago we had only $500 and furniture. Today we could leave the city with $10,000 we have accumulated, and my salary has never been above $2,200 a year. Investment study and investments has been my only outside work that has been remunerative.

When father told me he had done much in teaching me to save, I took it lightly. I am convinced now he is right, and, too, he is living to enjoy that which he has earned. It would have helped me little to have been left a fortune without knowing how to make and save money.

Our whole financial career might be likened to the course of my first investment. It has always been slow but everlastingly steady. It is surprising what small amounts, constantly added to an account, with compound interest and careful investments, will amount to in a few short years.

The best of it is anyone can, even on the smallest salaries, play the game.

Petroleum

The Riddle of the Oils

Why Have the Oil Shares Lagged?—An Unusual Stock Market Mystery—Earnings Outlook for the Industry

BY JOHN MORROW

As a group, the oil shares have been a real disappointment this year. With an earnings outlook superior to that of any year since 1920, it was expected that the oil group would give an excellent account of itself in the market, but sporadic buying movements have each time been brought to a complete halt. This article attempts to give the underlying facts of the situation and describes what appear to be the real reasons for the failure of these shares to advance.

"WHAT'S the matter with the oils?" Commission house brokers are probably asked this question ten times to every one query launched about the other speculative groups. Sensational advances in high-priced industrials, successful operations for the rise in this group and that group do not satisfy the public, do not obscure the problem of the oils. Romance, which in the older days of stock speculation used to cling about the mining stocks, now surrounds the oils, although the public does not perhaps realize that "romance," if the word may be used, is gradually being eliminated from oil.

The industry is becoming more stable, more dignified—an industry, not a "game." The old catch-as-catch-can methods of production and distribution are disappearing, to be succeeded by more responsible methods of conducting a business representing one of the nation's great, if not the greatest, natural resources. Oil men proverbially look to the future. Oil geologists talk of periods of two, three and five years hence in discussing the outlook, and this is a point the public forgets.

With the great growth in the industry there has been commensurate growth in statistics of production, consumption, distribution, price fluctuations, and upon these statistics is largely based the speculative attitude toward the oils. The price trend of crude oil from 1917 to 1920 was steadily upward, culminating in the later year, to be followed by a big drop in 1921.

War demands and the high prices for crude in the period immediately following the war stimulated production efforts in an amazing manner, the result being that beginning in 1917 there ensued four years of overproduction. At the end of 1923 crude oil prices had reached their lowest levels. There was a rise in the early part of 1924, then a sagging tendency and irregularity. Since the end of 1924, price trend again has been upward, but the situation is shot through with the idea of stability. Price curves, that is, fluctuations seem to be flattening. That part of the public interested in the oil stocks has been fed on alternate waves of wide price fluctuations; sometimes sensational, and firing quickly and suddenly speculative imagination. In the present cycle of the oil industry this stimulus is lacking.

Premature Public Buying

It is probable that late last year and earlier in the present year, when signs of improvement began to manifest themselves, there was a large amount of public buying of the oil stocks predicated upon the belief that the improvement would become gradually accelerated as 1925 progressed, to be succeeded perhaps by rises in oil prices, both in crude and in refined products, of boom proportions. It is now becoming manifest that such a belief, if it existed, and it undoubtedly did in the minds of many, was based upon false premises.

In 1920, production of crude oil was 443 million barrels. In 1924, production was 718 million barrels, but the average price of crude in both years would indicate that the revenue derived from production of crude oil in 1924 was somewhat less than the revenue derived in 1920. In those four years, the refining capacity of the country was almost doubled and is now close to three million barrels a day. Actual figures showing storage of crude in pipe lines, on tank farms, and at refineries do not mean much unless interpreted from a comparative or relative standpoint. In the late summer of 1923, the total average crude oil production of the country reached its peak at well over two million barrels. At the present time, production is still over two million barrels, and production for the first five months of 1925 was 303,504,000 barrels, compared with 292,724,000 barrels in the same period of 1924. If the rate of increase continues through the remainder of the year, it seems probable that total production for 1925 will exceed the highest totals yet attained. At the same time consumption of petroleum products has increased, particularly with fuel oil and gasoline. Estimates point to a consumption of gasoline this year of approximately 10 billion gallons, compared with less than 8 billion gallons in 1924. That estimate may indicate that consumption is keeping pace with production, but it fails to indicate that consumption will so outstrip production as to draw seriously upon storage stocks and create a scarcity.

No Oil Shortage

Earlier in the year there were careless remarks to the effect that the country was facing a shortage of oil. Obviously, as applied to the near future this opinion was grossly at fault with the facts. The American Petroleum Institute selected a special committee of eleven to make a special report on the nation's oil reserves. This report has not yet been made public but has, it is understood, been submitted to President Coolidge. Preliminary advices hint that the report will demonstrate there is no danger of an oil shortage in the near future. By oil men who study their industry with all the diligence of careful students, shortage reports probably are taken lightly, but frequently the public which buys

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SERVICE SECTION

ANSWERS TO INQUIRIES.

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—48,101 in the first six months of 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

FLEISCHMANN COMPANY

Appears High Enough

What is the outlook for Fleischmann stock? I have 100 shares which cost me 48 and I can almost double my money. But its yield on the basis of what I paid for it is over 8 per cent though barely 5 per cent on the present market price and I have been thinking of selling and putting the funds into something which would yield me 6 or 8 per cent. Do you think it is to my best interest to hold the stock?—W. A. M., Boston, Mass.

Fleischmann Company for the six months ended June 30, 1925, reported earnings equivalent to $4.03 a share on the common, compared with $3.02 a share for the same period of 1924. As the company is in good financial condition, these earnings apparently warrant a higher dividend rate. At present levels of 98 however, the stock appears high enough on its earning power, and has already discounted a more liberal dividend policy. We suggest that you accept your profit and purchase Childs Company, which pays $2.40 a share per annum in cash and 4% in stock dividends. On the basis of the stock dividends, being disposed of at the market price, the return at present levels of 58 is approximately 8%.

DU PONT DE NEMOURS

Time to Take Profits?

I have held 20 shares of Du Pont, which cost me 115, for several years. Since the stock crossed 175 I have been tempted to sell it and make sure of my profit. I have been advised by my broker to continue to hold it. What is your opinion?—H. P. S., Buffalo, N. Y.

For the first six months of 1925, E. I. du Pont de Nemours reported substantially higher earnings than in the first half of 1924, with net income of 10.9 million dollars, equivalent to $9.38 a share on the common stock. These earnings only include the dividends received on du Pont's holdings of 1,340,000 shares of General Motors common. The latter company has reported earnings far in excess of its dividend requirements, and may some time this year pay an extra dividend. Next to its business of manufacturing explosives, du Pont's prosperity is most dependent on the automobile industry; for in addition to its large ownership of General Motors stock, it supplies many of the essentials used in the manufacture and upkeep of motor cars. The automobile industry in the first six months of this year was in unusually prosperous condition, and may not be able to continue on so favorable a basis. At present levels of over 200, we consider that du Pont has already discounted to a large degree the favorable factors in the situation, and advise you to take your profit.

SKELLY OIL

Earnings Improve

Are you favorably inclined towards Skelly Oil? It cost me $12 a share at the time it was first introduced to trading on the Curb and while I have a substantial profit it does not compensate me for the lack of dividend. Do you think the stock is likely to go on a permanent dividend basis and sell at a higher price?—G. V. K., Washington, D. C.

Skelly Oil for the six months ended June 30th reported net income of 2.3 million dollars, equivalent to $2.82 a share, after deducting 2.4 millions for depreciation and depletion. In view of the heavy chargeoffs, this was an excellent showing. While current earnings apparently warrant early resumption of dividends, it should be realized that oil companies such as Skelly have excellent use for surplus funds in building up holdings of reserve oil lands and developing present properties. At the close of 1924 the company had bank loans of 1.1 million dollars, in addition to a funded debt of 9.3 millions, and the directors may decide to further strengthen the financial structure before making distributions to shareholders. Skelly Oil owns valuable properties, and we believe the long pull outlook to be favorable. However, at present levels of 24 your stock has appreciated 100% in market value, and in view of the uncertainty as to dividend policy, we suggest that you accept this profit and switch into a security that gives you an immediate return. A suggestion is Armour & Company of Illinois Class A stock, which is paying $2 a share per annum and sells around 23.

WALDORF SYSTEM, INC.

Earnings Decline

Is there any likelihood of a reduction on Waldorf System common dividends? I notice that earnings are declining but I have not seen the explanation for the falling off in business in the first half of this year.—L. V. E., Yonkers, N. Y.

Waldorf System for the six months ended June 30, 1925, reported net income of $486,293, compared with $605,589 for the same period of 1924. Despite this falling off, however, the dividend is still being earned with a substantial margin to spare, surplus after common and preferred dividends for the six months being $156,803. According to the management, the falling off in sales for the first six months was due to the fact that the company discontinued operation of four stores because their leases expired, and they were unwilling to renew them at a higher rate. The decrease is profits, the management states, was in part due to the decrease in the volume of business, as well as a sharp increase in the cost of commodities. The company plans to open four additional lunch rooms within a few months. Although we do not believe the dividend will be reduced in the near future nevertheless, the decline in earnings when other restaurant companies have been able

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We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers buy and sell their securities through reliable firms.

School for Traders & Investors

Sixty-Second Lesson

How Charts Deceive—

When Statistical Information Essential to Their Interpretation Is Absent

WE have pointed out heretofore some of the dangers of loose interpretation, or misinterpretation, of charts, and we have warned the student against placing too much dependence on graphs, to the exclusion of other information which may be essential to an accurate decision. We will now attempt to show how and why the amateur speculator is so prone to misuse one of the handiest working tools ever placed at the disposal of the investor and trader in stocks.

The best of tools is often useless, and sometimes positively dangerous in the hands of a novice. A small boy may cut his fingers with a perfectly good knife because he does not know how to use it. Dynamite is an efficient servant in the hands of the competent miner who understands its powers, limitations and peculiarities, but the average citizen who is uninstructed in the use of explosives would do well to leave them alone. The indicator-diagram of a steam engine is an open book to the mechanical engineer who has the knowledge necessary to read therein a clear account of the engine's power, or its defects and maladjustments, while it is meaningless to the man without technical training.

Previous Information Essential

Similarly, a chart of the price movements of a stock is a most significant picture to the trader who has taken the trouble to *obtain the information essential to the chart's logical interpretation.* Without this essential information, the chart may be utterly misleading. This is especially the case when it is in the hands of the novice who has acquired a mere smattering of market technique. His superficial information leads him into the error of assuming that a chart tells the whole story, and that he may ignore with impunity the fundamental and statistical facts relating to the stock in which he desires to trade.

These facts are available to anyone who cares to devote the time and study required to obtain them. Failure to give them due consideration leads to the repeated errors and losses that are common to persons who undertake responsibilities for which they are not qualified.

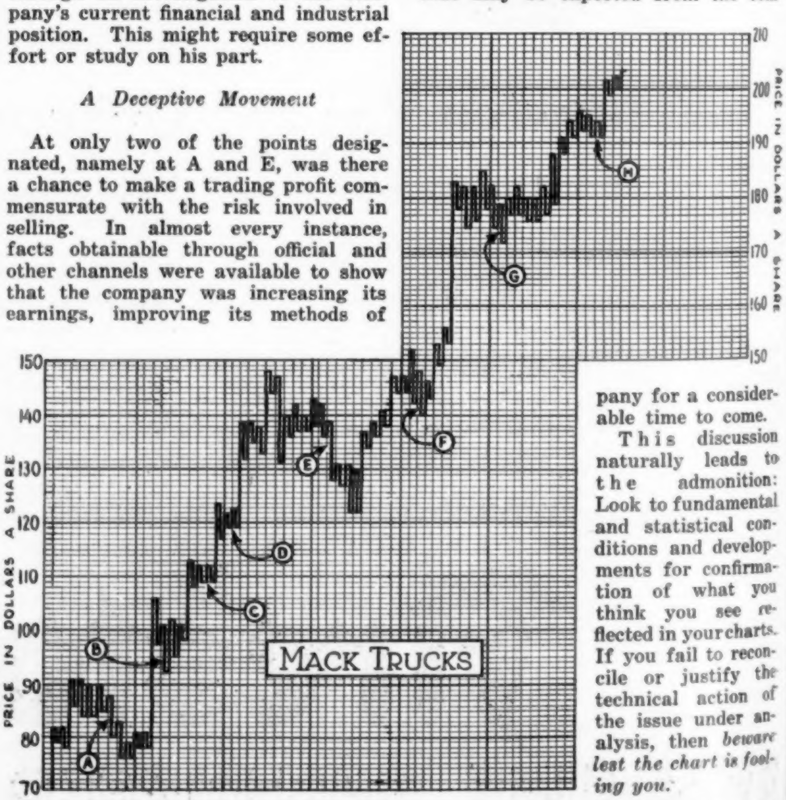
The accompanying graph of the price movements of Mack Trucks will serve to illustrate our point. This covers the general climb from 70 to above 200. It shows every price swing of 3 points or more, and indicates those periods which the unsophisticated chart reader would interpret as evidence of weakness.

Our novice would probably have closed out his stock, or would have sold it short, at points indicated by the letters A to H, on the theory that the action of the stock at these points confirmed his theories of "liquidation," or "important selling," or "distribution on the good news." He would probably ignore the possibility of confirming or disproving his theory through an investigation of the company's current financial and industrial position. This might require some effort or study on his part.

A Deceptive Movement

At only two of the points designated, namely at A and E, was there a chance to make a trading profit commensurate with the risk involved in selling. In almost every instance, facts obtainable through official and other channels were available to show that the company was increasing its earnings, improving its methods of manufacture, multiplying its output, or planning some well-advised expansion of its operations. At no stage of this advance was there any good excuse for lack of confidence in the company's future prosperity, or any sound statistical reason for the liquidation of its shares.

The speculator who would "sell on the good news" a stock of this general character, is in all probability preparing to pay the penalty of his ignorance of the true meaning of this phrase. Nine times out of ten, the so-called "good news" on which a novice will sell a stock of this kind is the kind of news that signifies recent success and probability of continued favorable performance; and it is not the kind of "good news" that may be interpreted as indicating the utmost that may be expected from the company for a considerable time to come.



This discussion naturally leads to the admonition: Look to fundamental and statistical conditions and developments for confirmation of what you think you see reflected in your charts. If you fail to reconcile or justify the technical action of the issue under analysis, then *beware lest the chart is fooling you.*

Trade Tendencies

Signs of Fall Revival in Business

Industry Still Marking Time But General Volume of Trade Good

STEEL

Prices Hardening

A MODERATE, but none the less steady increase in orders has created a confident feeling in steel manufacturing centers. Bookings have been tending upward since April and last month there was a gain of between 10 and 20% over June. Hence, while buying has lost none of its conservatism, the volume of new business has caused some improvement in operating schedules. Average production for the industry in its entirety is not greatly above the previously established 60% rate, but some producers are doing considerably better than this.

A well sustained volume of structural steel buying, good oil business and a more than seasonally active motor industry are factors supporting the industry. Agriculture's demand for steel is especially encouraging but the railroads, also an important class of consumers, are still holding back. Better-

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COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	1925 *Last
Steel (1)	$38.00	$35.00	$35.00
Pig Iron (2)	22.00	18.00	18.00
Copper (3)	0.15¼	0.13¼	0.14¼
Petroleum (4)	3.80	3.00	3.80
Coal (5)	2.17	1.82	2.17
Cotton (6)	0.25⅝	0.22½	0.24⅞
Wheat (7)	2.16	1.48	1.56
Corn (8)	1.27	1.03	1.06
Hogs (9)	0.14¼	0.10½	0.14
Steers (10)	0.13⅝	0.10¾	0.13¾
Coffee (11)	0.23⅞	0.17½	0.20
Rubber (12)	1.20½	0.35	0.95
Wool (13)	0.70	0.48	0.56
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.04⅞	0.04¼	0.04¼
Sugar (16)	0.07	0.05½	0.05⅞
Paper (17)	0.04	0.03¾	0.03¾

* Aug. 1.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—New business at higher rate than June. Production higher. Prices remain practically unchanged. Industry in sound position, outlook encouraging.

METALS—Copper market creeping upward. New buying movement under way. Indications of some further gain. Lead is decidedly irregular. Zinc active and firm.

OIL—Reactionary price tendency due to continued heavy gasoline output. Stocks not declining as rapidly as anticipated.

TEXTILES—Retail trade in cottons and woolens more lively. Wages cuts in New England mill centers reflect unsatisfactory position of manufacturers.

LEATHER—Leather trades more than usually active this summer. Shoe industry doing well. Rising tendency in hides presages upturn in leather. Statistical position still improving.

RUBBER—Rubber market reacts as British Government raises export allowance from plantations to 75% of output. Tire industry shows recession from spring peak but still very active.

SUGAR—Sugar slightly firmer but conditions not likely to show material change. Domestic beet sugar production about 25% lower than year ago. Raw sugar producers doing poorly. Refiners should make better showing.

MOTORS—Sales and output falling off but at slower rate than usual for this season. Several producers have cut prices to stimulate public interest. Earnings likely to be well maintained.

BUILDING—Local wrangling between labor unions interferes with building activities but volume of construction promises to exceed previous records. Material prices stabilizing.

CHEMICALS—Business in various chemical trades well above level of last year. Manufacturers experiencing good demand with plants operating at best rate in some time.

COAL—Increasing probability of anthracite strike reflected in firmer price trend of bituminous coal. Anthracite quotations advanced. Stocks of soft coal low.

SHIPPING—Shipping industry shows some small improvement. Freight and passenger traffic ahead of 1924. More vessels demanded in Pacific trade.

SUMMARY—The outlook for trade and industry continue encouraging. Seasonal influences are not so pronounced as in other years. Irregularities in various quarters are a normal manifestation of the current season. Outlook favors better fall business.

New Issue

All of these Bonds have been sold.

July 31, 1925

$25,000,000

Seaboard-All Florida Railway

First Mortgage 6% Gold Bonds, Series A

To be dated August 1, 1925 — Due August 1, 1935

The mortgaged lines will be leased to Seaboard Air Line Railway Company for at least fifty years from August 1, 1925, at minimum annual net rental, upon completion of construction, equal to annual interest charges on bonds outstanding under the mortgage.

Coupon bonds in interchangeable denominations of $1,000 and $500. Bonds of $1,000 denomination registerable either as to principal only or as to both principal and interest. Fully registered bonds and coupon bonds interchangeable. Redeemable as a whole only on any interest date on 60 days' notice, to and including August 1, 1926, at the principal amount thereof plus a premium of 3%, and thereafter at the principal amount thereof plus a premium of ¼% for each full year to elapse prior to August 1, 1935. Interest payable February 1 and August 1, without deduction for the Federal Normal Income Tax up to 2% per annum. The corporation is to refund the Pennsylvania Four-Mills Tax, the Maryland 4½-Mills Tax, the Connecticut State Tax up to Four Mills, and the Massachusetts Income Tax up to 6% annually, if application be made in each case within 60 days after payment. Principal and interest payable at the office of Dillon, Read & Co., New York. It is expected that application will be made in due course to list these bonds on the New York Stock Exchange. Bankers Trust Company, New York, Corporate Trustee.

Seaboard Air Line Railway Company will unconditionally guarantee principal and interest by endorsement on each bond.

For details regarding this issue of bonds we call attention to the letter of Mr. S. Davies Warfield, President of Seaboard Air Line Railway Company, which he summarizes as follows:

SECURITY

"These bonds will be secured by direct first mortgage liens to the aggregate principal amount of the bonds on a total of approximately 468 miles of main lines of Seaboard-All Florida Railway, Florida Western & Northern Railroad Company and East and West Coast Railway, all three of which companies will join in the bonds and mortgage. Included in this 468 miles of line are 204 miles of Florida Western & Northern Railroad Company and 47 miles of East and West Coast Railway, all now in operation, and a proposed extension on the east coast of Florida from West Palm Beach (Palm Beach) to Miami and other east coast points and a proposed extension of the main lines of the Seaboard Air Line System on the west coast through Ft. Myers and beyond. The lines of these three companies, including those in operation and those to be constructed, will be leased to Seaboard Air Line Railway Company. The extension to Miami and beyond will form an integral part of the main line of the Seaboard Air Line System, thus making it the only railroad system operating trains over its own rails from Richmond to Miami and other points on the east coast of Florida. In connection with the Tampa line of the Seaboard Air Line System, the lines of Florida Western & Northern Railroad Company form the only through line of railroad across the peninsula of Florida connecting the two coasts.

These bonds will be further secured by pledge of the lessor's interest in the lease or leases to Seaboard Air Line Railway Company of the lines of Seaboard-All Florida Railway, Florida Western & Northern Railroad Company and East and West Coast Railway. The bonds will also be secured by pledge of the entire capital stocks of each of the three last named companies. The routes of the proposed extensions and the number of miles to be constructed are subject to such change as may arise in connection with any necessary approval by the Interstate Commerce Commission and/or as may be approved by Dillon, Read & Co. Seaboard Air Line Railway Company will obligate itself to provide any funds in addition to the proceeds of these $25,000,000 Series A bonds required to subject to the first mortgage liens the properties proposed presently to be subjected thereto except that for this purpose additional Series A bonds up to $1,000,000 may be issued.

Bonds in addition to the $25,000,000 Series A bonds (and to the above $1,000,000 Series A bonds) may be issued in one or more other Series in principal amount not to exceed the reasonable cost of additions, extensions and betterments, to be subjected to the mortgage as a first lien thereon, made subsequent to July 31, 1925.

LEASE AND GUARANTEE

Seaboard Air Line Railway Company will lease the mortgaged lines for at least fifty years from August 1, 1925, at a minimum annual net rental, upon completion of construction, after maintenance charges, taxes, etc., equal to annual interest on the bonds outstanding under the mortgage. Seaboard Air Line Railway Company will unconditionally guarantee the bonds as to principal and interest by endorsement on each bond.

LESSEE COMPANY

Seaboard Air Line Railway Company, operating 3,574 miles of railroad, in the calendar year 1924 reported gross revenues of $53,384,173. After allowance for rentals of leased properties (operated in 1924), joint facilities, hire of equipment, etc., there was a balance of gross income, applicable to interest charges for 1924, of $9,933,490. After deducting all fixed interest charges there remained $3,332,077. Gross revenue from transportation for the six months ended June 30, 1925, was over 9% greater than for the corresponding period of 1924, and gross revenue for June, 1925, was over 18% greater than for June, 1924.

EARNINGS

It is estimated that the freight and passenger business of the mortgaged lines will increase the annual gross revenues of the Seaboard Air Line System by $10,000,000 and its net operating revenue by approximately $4,500,000 after the first year of full operations. This estimate of net revenue takes into consideration the character of the freight and that the additional expense incurred by the Seaboard Air Line on traffic interchanged with the mortgaged lines will be comparatively small.

PURPOSE OF ISSUE

The proceeds of the sale of these bonds will be deposited with the Corporate Trustee under the mortgage and will be drawn down in accordance with appropriate restrictions in the mortgage to redeem the entire outstanding $7,000,000 Florida Western & Northern Railroad Company First Mortgage Sinking Fund 7% Gold Bonds and $525,000 East and West Coast Railway First Mortgage 6% Gold Bonds, to acquire, and/or to make reimbursements for the cost of acquiring, certain property for Florida Western & Northern Railroad Company, to repay advances made to, or for the account of, the latter by Seaboard Air Line Railway Company or otherwise, to provide funds for the construction of the proposed extensions to Miami and points on the east coast and on the west coast to Ft. Myers and beyond, and for additional capital expenditures in connection with the completion and extension of Seaboard-All Florida Railway, Florida Western & Northern Railroad and East and West Coast Railway."

We offer these bonds for delivery when, as and if issued and received by us, subject to the approval of legal proceedings by our counsel and subject, to the extent contemplated by law, to approval by the Interstate Commerce Commission. It is expected that delivery will be made on or about August 14, 1925 in the form of interim receipts of Dillon, Read & Co.

Price 98½ and Interest. To Yield Over 6.20%

Further information is contained in a circular which may be had on request

Dillon, Read & Co.

Ladenburg, Thalmann & Co. — **Kissel, Kinnicutt & Co.**

The statements herein have been accepted by us as accurate but are in no event to be construed as representations by us.

TRADE TENDENCIES

(*Continued from page 752*)

ment in this direction is anticipated in coming weeks.

On the whole, steel companies are well satisfied with the extant demand. The rate of operations is likewise considered encouraging, especially in the face of mid-summer influences. Price levels are a source of dissatisfaction, however. Finished steel is firmer, but the prevailing level is not as high as might be desired in view of production costs.

The general air of stability, however, and an upturn of 25 to 50 cents a ton in iron and steel scrap seem straws indicating the trend of the next real change in market quotations. The hand-to-mouth buying of recent months, following rather general liquidation of late spring, has tended to cut stocks to small proportions. A renewed buying movement would, therefore, find consumers at a disadvantage.

EQUIPMENTS

Earnings Unsatisfactory

The year 1925, thus far, has proven a lean one for the railroad equipment companies. Domestic orders for passenger and freight cars in the first six months of the year amounted to approximately 36,000 against more than 73,000 in the corresponding period a year ago. Locomotive orders make a similarly dismal showing, this year's six months' business being but 340 units against 701 in the first half of 1924.

Fortunately for the equipment companies, their finances were rendered impregnable against a period of depressed business by virtue of the excellent profits made in recent years. None of them has yet been compelled to resort to dividend suspensions in order to conserve cash. The locomotive companies, however, have been hit relatively harder than the car manufacturers. Operations of the former have been averaging around 20 to 30% of capacity, a rate that is admittedly too low to avoid loss. The freight car producers were protected by a fair-sized backlog of unfilled orders carried over from last year.

Outlook for the equipment business is clearing somewhat and indications point to betterment. However, it is entirely doubtful that the next few months will witness a sufficient recovery to materially improve the year's unfavorable earnings statements. The railroads are still well fortified in respect to rolling stock and motive power, but, of course, replacement demands must eventually make themeselves felt.

Profits of the locomotive builders are comparatively small. Those of the

(*Please turn to page 775*)

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1924 High	Low	1925 High	Low	Sale Last Aug. 5	$ per Div'd Share
Atchison	125⅝	90¼	111¼	75	120¾	91¾	127⅞	116¼	121	7
Do. Pfd.	106⅜	96	102½	75	96⅝	72	97⅞	92½	96¾	5
Atlantic Coast Line	148⅛	102⅛	126	79⅞	152¼	77	187½	147¼	184	7
Baltimore & Ohio	122¼	90⅝	96	88⅛	84⅞	27⅝	84⅛	71	77⅛	5
Do. Pfd.	96	77⅛	80	48⅛	66½	38½	66½	62⅞	65¼	4
Bklyn-Man. Transit	..	..	..	..	41⅞	9⅛	55¾	35⅛	52⅞	..
Do. Pfd.	..	..	..	..	75¾	31⅝	82	72⅞	80¼	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅜	136½	141½	10
Chesapeake & Ohio	92	51⅛	71	35⅝	98¼	46	99⅛	89¼	97⅛	4
Do. Pfd.	..	..	..	..	109⅛	96	110⅛	105¼	110	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	10⅞	16⅜	3¼	8⅜	..
Do. Pfd.	181	130½	143	62½	76	18¼	28½	7	15⅜	..
Chic. & Northwestern	198⅛	123	136⅞	35	105	45⅞	75⅜	47½	66¼	4
Chicago, R. I. & Pacific	..	..	45¾	16	50	19⅛	54¼	40⅛	46⅛	..
Do. 7% Pfd.	..	..	94¾	44	105	64	99¼	92	96¼	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	89½	82	84½	6
Delaware & Hudson	200	147⅛	159½	87	141½	83⅛	155	133⅛	149⅞	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	147¾	125	139	‡6
Erie	61⅛	33½	59⅛	18¾	35⅜	7	34	26¾	29	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	49¼	11⅛	46⅞	35	39⅛	..
Do. 2nd Pfd.	89⅛	19½	45⅝	13⅛	46¼	7⅛	43¾	34	37	..
Great Northern Pfd.	157⅞	115½	134⅜	79¼	100⅝	50⅝	71½	60	69⅛	5
Hudson & Manhattan	..	..	..	..	29¼	20⅝	33¾	21¾	32¼	2½
Illinois Central	162⅛	102¾	115	85¾	117⅞	80⅞	119⅝	111	115½	7
Interboro Rap. Transit	..	..	..	..	39¼	9⅛	34½	13½	28⅞	..
Kansas City Southern	50¼	21¾	35⅛	13½	41¾	13	40½	28⅝	33½	..
Do. Pfd.	75½	56	65½	40	59⅛	40	59⅝	57	†58	4
Lehigh Valley	121¼	62½	87⅛	50⅜	85	39½	83⅜	69	77½	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	119¼	106	117½	6
Mo. Kansas & Texas	*51⅛	*17½	*24	*3⅛	34⅜	*⅜	40¾	28¼	38¾	..
Do. Pfd.	*78¼	*46	*60	*6½	75¾	*2	90½	72¾	88⅝	5
Missouri Pacific	*77½	*21½	38½	19⅞	38⅞	8¼	41	30⅝	34¾	..
Do. Pfd.	..	..	64⅞	37½	74	22¼	83¼	71	80½	..
N. Y. Central	147¾	90⅝	114¼	62½	119¾	64⅛	124¾	113¼	118	7
N. Y., Chi. & St. Louis	109¾	90	90⅝	55	128	23¾	137¼	118	123	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	40⅞	9⅝	36⅜	28	34¼	..
N. Y., Ontario & W.	55⅝	25⅛	35	17	30½	14¼	27⅛	20⅝	25¾	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	133¼	84¼	134⅝	123½	134	7
Northern Pacific	159½	101¾	118⅞	75	99⅞	47¼	71¾	58¼	67	5
Pennsylvania	75⅝	53	61½	40¼	50	32¼	48⅞	42½	45⅞	3
Pere Marquette	*36½	*15	38⅛	9½	73	12¼	72	61¾	66	4
Pittsburgh & W. Va.	..	..	40⅝	17¾	94	21⅛	73⅞	63	70½	..
Reading	89⅝	59	115½	60⅛	108	51⅞	91¼	69¾	85¾	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	41	35⅞	†39½	2
Do. 2nd Pfd.	58¾	42	52	33¾	65½	33¼	44⅜	36¼	41	2
St. Louis-San Fran.	*74	*13	50½	21	65	10¾	93¼	57½	90½	5
St. Louis Southwestern	40⅜	18⅛	32⅛	11	55⅞	10⅞	53¾	43¾	48⅞	..
Seaboard Air Line	27½	13¼	22⅜	7	24⅛	2⅛	36⅜	20⅜	34¼	..
Do. Pfd.	56½	23½	58	15⅛	45½	3	48	35	45	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	108⅜	97¾	98⅜	6
Southern Railway	34	18	36¾	12½	79¾	24¾	102⅜	77⅝	99⅛	5
Do. Pfd.	86⅞	43	85¼	42	85	42	92¾	83	90⅞	5
Texas & Pacific	40½	10¼	29½	6½	70½	14	58⅜	43¼	47⅞	..
Union Pacific	219	137¾	164⅜	101¼	154⅜	110	153¼	133¼	141⅞	10
Do. Pfd.	118½	79¾	86	69	80	61¼	77⅛	73¼	77	4
Wabash	*27⅞	*2	17½	7	24⅜	6	37	19½	36	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	60¾	17	71¾	55¾	71½	5
Do. Pfd. B	..	..	32⅞	18	42⅜	12⅛	54	38½	†51	..
Western Maryland	*56	*40	23	9⅛	17¼	8	17⅜	11	14⅝	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	26¼	16	22½	..
Western Pacific	..	..	25½	11	40	12	22½	19¾	21⅝	..
Do. Pfd.	..	..	64	35	86½	51½	74¾	72	74½	6
Wheeling & Lake Erie	*12⅞	*2½	27¾	8	18¼	6	21⅝	10¾	19½	..
Do. Pfd.	..	..	50⅝	16⅝	32½	9¼	47⅜	22	42½	..

INDUSTRIALS

	1909-1913 High	Low	1914-1918 High	Low	1919-1924 High	Low	1925 High	Low	Sale Last Aug. 5	$ per Div'd Share
Adams Express	270	90	154¼	48	93½	22	103¼	90	†91	6
Ajax Rubber	..	..	89⅛	45½	113	4¼	15⅞	10	13¼	..
Allied Chem. & Dye	..	..	..	..	[illegible]	[illegible]	95⅛	80	91	4
Do. Pfd.	..	..	..	..	118⅝	83	120	117	†119½	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	73⅜	26½	86⅛	71½	81	6
Do. Pfd.	43	40	92	32½	104⅞	67½	108	103¼	107¼	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7½	23¾	13½	22½	..
Do. Pfd.	105	90	103½	89⅛	103	[illegible]	68¾	36½	65	..
Am. Beet Sugar	77	19¾	108⅛	19	103¾	24½	43	36⅜	†38	4
Am. Bosch Magneto	..	..	..	..	143⅞	22½	[illegible]	[illegible]	32⅜	..
Am. Can	47⅜	6⅝	68½	19¼	163½	21¾	216¾	158⅛	214½	‡5
Do. Pfd.	129¼	98	114½	80	119	79	121½	115	119¾	7
Am. Car & Foundry	76¼	36½	98	40	201	159¼	111½	97½	101	6
Do. Pfd.	124¾	107½	119½	100	126½	105¾	128	120¾	126⅞	7
Am. Express	300	94¾	140½	77½	175	76	166	125	133½	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	14	5½	†10⅞	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	75⅞	59	†65½	..
Am. Ice	..	..	49	8⅞	122	37	122½	83	119	7
Am. International	..	..	62¾	12	132¼	17	41	32⅛	36	..
Am. Linseed Pfd.	47¾	20	92	24	113	41¼	76¼	53	75¼	3½
Am. Locomotive	73¾	19	98¼	46⅝	136¾	58	144⅞	104½	109¾	‡8
Do. Pfd.	122	75	109	93	122¼		124	118½	119	7
Am. Metal	..	..	..	..	55⅞	38¾	53⅜	45¾	49½	3
Am. Radiator	*500	*200	*445	*235	*345	64	113½	89⅞	110¾	4
Am. Safety Razor	..	..	..	..	40¾	*3⅛	68	36⅞	63¼	3
Am. Ship & Commerce	..	..	..	..	47½	4⅜	14½	5⅝	†7¼	..
Am. Smelt. & Ref.	105¼	56⅝	123¾	50¼	100⅜	29¼	108⅜	90¾	105½	6
Do. Pfd.	116¾	98¼	118⅛	97	109⅝	63¼	111¼	105⅛	†110½	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	40⅝	37⅞	38½	3
Do. Pfd.	..	..	..	..	109¼	78	112	108	111⅛	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	148⅜	36	71¼	47⅝	68¾	..
Do. Pfd.	133½	110	123½	106	119	67½	101½	91	99½	7
Am. Sumatra Tobacco	..	..	145⅛	15	120½	6¾	24½	6	9¼	..
Do. Pfd.	..	..	103	75	105	22½	86½	28	†75¼	..
Am. Tel. & Tel.	153⅝	101	134½	90⅝	134⅜	92⅛	144⅛	130⅝	139⅜	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Sale Last Aug. 5	$ per Div'd Share
Am. Tobacco	*530	*200	*256	*123	*314½	82½	99½	85	98⅜	7
Do. Com. B	..	..	..	..	*210	81¼	98⅞	84½	97⅞	7
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	68½	34⅜	66	1.20
Am. Woolen	40⅝	15	60⅞	12	169½	51¼	64¾	34⅜	41	..
Do. Pfd.	107¾	74	102	72½	111⅞	88½	96¼	69½	86⅝	7
Anaconda Copper	54⅝	27½	105⅜	24¼	77⅞	28½	48	35¼	42⅝	3
Associated Dry Goods	..	..	28	10	140½	48	55¾	48½	52½	2½
Do. 1st Pfd.	..	..	75	50½	94	49⅞	100	94	†98	6
Do. 2nd Pfd.	..	..	49½	35	102⅝	38	108	101	107	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	41½	22	38⅛	2
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9⅛	56	20	†48½	..
Do. Pfd.	32	10	74¾	9⅞	76½	6⅜	53⅝	31	50½	..
Atlantic Refining	..	..	..	..	*1575	78⅛	117½	95⅛	112	..
Austin Nichols	..	..	..	..	40⅜	8	32½	22	†24⅛	..
Do. Pfd.	..	..	..	..	91	50⅜	93	87⅜	90	7
Baldwin Locomotive	60⅜	36½	154½	26⅝	156¼	62¼	146	107	110⅞	7
Do. Pfd.	107½	100¼	114	90	118	92	116⅝	109	†106	7
Bethlehem Steel	*51⅞	*18¾	155½	59⅜	112	37¾	53½	37	41½	..
Do. 7% Pfd.	80	47	186	68	108	87	102	93¼	†94¾	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	116½	109	†112½	8
Brooklyn Edison Electric	134	123	131	87	124⅝	82	140⅝	120⅝	138	8
Brooklyn Union Gas	164½	118	138¾	78	128	41	91⅝	75½	89	4
Burns Brothers	45	41	161½	50	147	76	109½	92½	100	10
Do. B	..	..	..	..	53	19⅝	30	17	23¾	2
Butte & Superior	..	..	105¼	12¼	37⅞	8	24¼	6½	11¼	1
California Packing	..	..	50	30	106¼	48⅛	118	100½	114½	6
California Petroleum	72½	16	42⅝	8	71⅞	15⅜	32⅞	23⅞	27⅝	1¾
Central Leather	51¾	16½	123	25⅞	116½	9⅝	21¾	14¾	19¼	..
Do. Pfd.	111	80	117½	94⅞	114	28½	66	49¼	62½	..
Cerro de Pasco Copper	..	..	55	25	67½	23	55½	43½	53	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	39⅝	28½	31⅞	3
Chile Copper	..	..	39¼	11¼	38⅜	7¼	37⅝	30½	34⅜	2½
Chino Copper	50⅜	6	74	31⅜	50⅞	14¾	28⅝	19	24⅜	..
Coca Cola	..	..	..	..	83⅜	18	142	80	141⅝	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	48⅛	32¼	41¾	..
Columbia Gas & Elec.	..	..	54⅛	14¼	114⅞	30	74¾	45⅜	73⅜	2.00
Congoleum-Nairn	..	..	..	..	*184⅜	32⅜	43½	22	24¾	2
Consolidated Cigar	..	..	..	..	80	11⅜	44½	26½	36⅞	..
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	92⅝	74½	90¼	5
Continental Can	..	..	*127	*37½	*131¾	*34¾	80	60½	76¼	4
Corn Products Refining	26½	7⅝	50½	7	160½	31½	41⅝	32⅜	33⅜	2
Do. Pfd.	98½	61	113½	58⅛	123¾	96	127	118⅛	†118	7
Crucible Steel	19⅝	6½	109⅞	12¼	278½	48	79⅜	64½	70⅜	4
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	14⅝	10⅜	†10⅜	..
Do. Pfd.	..	..	100¼	77¼	87⅞	13⅛	62⅝	46¼	47¾	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33½	26	26½	3
Cuyamel Fruit	..	..	..	..	74½	45½	59	50	54¼	4
Davison Chemical	..	..	..	..	81¼	20⅜	49⅜	27⅞	37⅝	..
Dupont de Nemours	..	..	..	..	169⅜	105	201½	134¼	197½	10
Eastman Kodak	*No	Sales	*605	*605	*690	70	118	104¾	106¼	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	70⅜	60⅜	66	4
Endicott-Johnson	...	..	..	..	150	44	72	63⅜	†68⅛	5
Do. Pfd.	..	..	..	..	119	84	116⅜	112½	†116	7
Famous Players-Lasky	..	..	..	..	123	40	114¾	90¼	106⅞	8
Do. Pfd.	..	..	..	..	108½	66	120	103⅞	†115½	8
Fisher Body	..	..	43	25	240	75	86½	60¼	82	5
Fisk Rubber	..	..	..	..	55	5⅛	24⅜	10½	22¼	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	107¼	75½	106	7
Fleischmann Co.	..	..	..	..	90¼	37⅞	99½	75	96⅝	4
Foundation Co.	..	..	..	..	94⅝	58½	134¾	80½	128	8
Freeport-Texas	..	..	70½	25⅜	64⅜	7½	18⅞	8	16¾	..
General Asphalt	42⅞	15⅛	39⅜	14⅛	160	23	63¾	42½	55	..
General Cigar	..	..	..	..	98⅝	47	101¾	84½	90	8
General Electric	188½	129⅜	187¼	118	322	109½	320	227¼	303½	8
General Motors	*51¾	*25	*850	*74½	66⅞	*8¼	93¾	64⅝	92	6
Do. 7% Pfd.	..	..	..	..	103½	95½	113¾	102	112	7
General Petroleum	..	..	..	..	45	38⅜	59	42	51¼	2
Goodrich (B. F.) Co.	86½	15⅛	80¼	19⅝	93⅜	17	59	36⅜	54⅜	4
Do. Pfd.	109⅜	73⅜	116⅜	79⅞	109½	62½	100¼	92	99⅞	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅜	35	105¾	86½	104	7
Do. prior Pfd.	..	..	..	..	108½	88	107¾	103	107¾	8
Granby Consolidated	78¼	26	120	58	80	12	21¼	13	15½	..
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52⅜	24⅞	40½	27¼	28⅜	1
Gulf States Steel	..	..	137	58⅜	104⅝	25	94⅞	67½	81½	5
Hayes Wheel	..	..	..	..	52⅞	31	44½	30	43⅜	3
Houston Oil	25½	8¼	86	10	116½	40½	85	59	67	..
Hudson Motor Car	..	..	..	..	36	19½	66½	33¾	62½	3
Hupp Motor Car	..	..	11¾	2½	29½	4⅜	20½	14¼	18⅛	1
Inland Steel	..	..	..	..	48⅜	31⅛	50	38⅜	41½	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22½	32¾	22¼	27⅞	50c
Inter. Business Mach.	..	..	52⅝	24	118⅞	28¾	129½	110	125¾	8
Inter. Combustion Eng.	..	..	..	..	39	19⅝	45⅞	31¾	44⅜	2
Inter. Harvester	..	..	121	104	149⅝	66¾	122	96½	116⅝	5
Inter. Merctl. Marine	9	2½	50⅝	⅝	67¾	4⅞	14¾	7½	8	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	52¾	29⅝	31	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	10⅜	32	24	31¼	..
Inter. Paper	19¾	6½	75½	9½	91¾	27⅞	74⅝	48¼	62½	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9⅜	21⅝	12¼	18	..
Do. 8% Pfd.	..	..	101	72	110¼	32	74	41	†61	..
Kennecott Copper	..	..	64¼	25	57¾	14⅝	57¾	46½	54⅞	3
Kinney (G. R.) Co.	..	..	..	..	86¼	35½	87¾	72	†78½	4
Lima Locomotive	..	..	..	..	74⅞	52	74¾	60	64	4
Loew's, Inc.	..	..	..	..	38⅜	10	33½	22	33	2
Loft, Inc.	..	..	..	..	28	5½	9½	6	7⅝	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	33⅜	36¼	30¼	34⅜	3
Mack Trucks	..	..	..	..	170	25½	204½	117	187	6
Magma Copper	..	..	..	..	45⅝	26⅛	44¼	34	42¾	75c
Mallinson & Co.	..	..	..	..	45	8	37½	21⅝	30	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	35½	23⅜	23⅞	..
Marland Oil	..	..	..	..	59⅝	12⅛	47⅜	32⅝	44⅜	75c
Maxwell Motors, Class A.	..	..	..	..	84½	36	120	107½	†119	..
Do. Class B.	..	..	..	..	39¾	8	126	77½	117	..

(Please turn to next page)

New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Sale Last Aug. 5	$ per Div'd Share
May Department Stores	*88	*65	*97½	*35	*174¾	*60	128¾	101	117½	5
Mexican Seaboard Oil	..	..	..	..	34½	5¾	22½	11⅛	12½	..
Miami Copper	30⅛	12⅜	49⅜	16⅛	32¾	14⅛	24¾	8	10¼	1
Montgomery Ward	..	..	..	..	48½	12	73	41	68⅜	..
National Biscuit	*161	*96⅛	*139	*79⅞	*270	35⅝	75	65	69¾	3
National Dairy Prod.	..	..	..	..	44½	30⅛	59⅛	42	59½	3
National Enam. & Stamp.	30¼	9	54¼	9	39½	18⅛	36⅞	25	32⅛	..
National Lead	91	42⅛	74⅝	44	169¼	63½	166⅞	138⅛	153½	8
N. Y. Air Brake	98	45	136	55⅝	145¾	26⅝	56½	42¾	47	4
Do. Class A	..	..	..	..	57	45⅛	57½	51	55	4
N. Y. Dock	40¼	8	27	9¼	70⅜	15¼	31⅞	18	31⅞	..
North American	*87⅞	*60	*81	*38⅝	*119½	17½	60¾	41⅛	58	3.40
Do. Pfd.	..	..	..	..	50¼	31⅞	50⅛	46⅝	49¾	3
Pacific Oil	..	..	..	..	69⅜	27½	65¼	52¼	55	3
Packard Motor Car	..	..	..	..	21	9⅞	38⅜	15	34½	1.70
Pan.-Am. Pet. & Trans.	..	..	70⅜	35	140¼	38⅛	83⅞	64	67	6
Do. Class B	..	..	..	..	111¾	34⅛	84½	63⅜	67	6
Philadelphia Co.	59⅛	37	48⅝	21⅛	57½	26½	62¾	51½	62⅛	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34⅛	52½	37¾	38¾	..
Phillips Petroleum	..	..	..	..	69⅝	16	47⅛	36¼	41	2
Pierce-Arrow	..	..	65	25	99	6⅛	36¼	10⅞	32¼	..
Do. Pfd.	..	..	109	88	111	13⅛	86	43	80½	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	45	54½	37¼	†44	2
Postum Cereal	..	..	..	..	134	47	122⅞	93¼	118½	4
Pressed Steel Car	56	18⅛	88⅛	17⅛	113¾	39	69	45	51½	..
Do. Pfd.	112	88⅛	109⅛	69	106	67	92½	76½	†77	7
Pub. Serv. N. J.	..	..	..	..	70	39	87⅞	62⅝	87	..
Pullman Company	200	149	177	106⅛	151⅜	87¾	151¾	129	138	8
Punta Alegre Sugar	..	..	51	29	120	24¾	47¼	33	35⅞	..
Pure Oil	..	..	143⅝	31⅞	61⅞	16¼	33¾	25¾	27⅝	1½
Radio. Corp. of Am.	...	..	..	..	66⅞	25⅞	77⅞	48⅝	53⅛	..
Railway Steel Spring	54½	22¼	78½	19	137½	67	141¾	127½	†125½	8
Do. Pfd.	113⅜	90¼	105½	75	121½	92½	120	114¼	120	7
Ray Consol. Copper	27½	7⅛	37	15	27⅛	9⅞	17⅜	11⅜	14⅞	..
Replogle Steel	..	..	..	..	93⅛	7¼	23¼	12⅝	14	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	64¾	42⅛	48⅛	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	84¼	†88	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	57⅜	48¼	50¾	4.42½
Savage Arms	..	..	119¾	39⅞	94½	8⅞	108¾	48½	63¼	..
Schulte Retail Stores	..	..	..	..	129¼	88	116⅞	105	106½	§8
Sears, Roebuck & Co.	124¾	101	233	120	243	54¼	197	147½	191¼	6
Shell Trans. & Trading	..	..	..	..	90¼	29½	45⅜	39¾	†41½	2.06
Shell Union Oil	..	..	..	..	22⅛	12⅛	28¾	22½	23	1.40
Simmons Company	..	..	..	..	37	22	48¾	31¼	48½	2
Simms Petroleum	..	..	..	..	24	6⅛	26¾	19½	22½	1
Sinclair Consol. Oil	..	..	67⅛	25¼	64⅛	15	24⅞	17	20⅜	..
Skelly Oil	..	..	..	..	35	8⅝	30½	21¾	24⅛	..
Sloss-Sh. Steel & Iron	94⅝	23	93⅛	19⅛	89	32⅛	107½	80¼	103	6
Standard Oil of Calif.	..	..	..	..	135	47⅛	67¼	55⅞	56⅛	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47½	38⅜	41⅛	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	119	116¼	117½	7
Stewart-Warner Speed	..	..	*100½	*43	*181	21	77⅞	55	68¾	5
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	79¾	61	70½	6
Studebaker Company	49½	15¾	195	20	151	30½	50	41¼	48¼	4
Do. Pfd.	98⅛	64½	119⅛	70	118¼	76	118¾	112	†117	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6⅛	12¼	7⅝	10⅞	1
Texas Co.	144	74½	243	112	57⅜	29	54¾	42¾	49⅝	3
Texas Gulf Sulphur	..	..	..	..	110	32⅜	114¼	97½	111⅞	7½
Tex. & Pac. Coal & Oil	..	..	..	..	195	5⅛	23⅜	11½	13⅛	..
Tide Water Oil	..	..	*225	*165	*275	*94	36¼	32½	32⅛	..
Timken Roller Bearing	..	..	..	..	45	28⅛	46¼	37¾	43½	3
Tobacco Products	145	100	82⅝	25	115	45	94½	70	87½	6
Do. Class A	..	..	..	..	93½	76½	104⅜	93⅛	102	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	5⅞	3⅞	4½	..
Union Oil of Calif.	..	..	..	..	39	35	43⅜	36⅛	36¾	1.80
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42⅛	96½	60¼	80	3¼
United Drug	..	..	90⅝	64	175⅛	46¼	133½	110⅞	131¾	6
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	56	52	55	3½
United Fruit	208½	126½	173	105	224⅞	95⅜	234	204⅞	227¾	10
United Ry. Investment	49	16	27½	4¼	41	6	33½	18¼	27¾	..
Do. Pfd.	77	30	49¼	10½	64⅞	14	83¼	48½	77¾	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7⅜	169⅝	10½	250	131¼	149½	..
Do. Pfd.	84	40	67½	30	104¼	38	112½	91	98½	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	94⅝	76	87¾	..
U. S. Realty & Imp.	87	49¾	63¾	8	143½	17¼	147¾	114½	136	8
U. S. Rubber	59½	27	80½	44	143¾	22½	65½	33½	57	..
Do. 1st Pfd.	123½	96	115¼	91	119½	66½	108¾	92¾	104¼	8
U. S. Smelt., Ref. & Min.	59	30⅝	81½	20	78¼	18⅜	39¾	30	38	3
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	112⅜	120¼	‡5
Do. Pfd.	131	102⅛	123	102	123½	104	126⅝	122¼	125½	7
Utah Copper	67½	38	130	48½	97½	41⅛	97	82	†97⅝	4
Vanadium Corp.	..	..	..	..	97	19⅛	34¾	25⅝	28¾	2
Western Union	86¼	56	105½	53⅜	121¼	76	137½	116¼	132¾	7
Westinghouse Air Brake	141	132½	143	95	124½	76	114	97	108⅞	6
Westinghouse E. & M.	45	24¾	74⅞	33	71⅜	38⅞	84	66½	72½	4
White Eagle Oil	..	..	..	..	34	20	31¾	25⅝	27	2
White Motors	..	..	60	30	86	29¼	95¾	57⅛	90¾	4
Willys-Overland	*75	*50	*325	15	40⅛	4⅛	24½	9⅛	19	..
Do. Pfd.	..	..	100	69	98¼	23	111	72¼	104¼	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	13⅜	5½	†5	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72⅛	171¼	112¼	165¼	3
Worthington Pump	..	..	69	23½	117	19⅞	79¾	36¾	41½	..
Do. Pfd. A	..	..	100	85⅞	98½	65	88	79	†79	7
Do. Pfd. B	..	..	78⅜	50	81	53½	76½	65	†64¾	6
Youngstown Sh. & Tube	..	..	..	..	80	59⅜	76½	63	74¼	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

NEW AERIAL AGE REVOLUTIONIZING WORLD'S ECONOMIC STRUCTURE

(Continued from page 721)

the development of air routes, landing fields, etc. In time it should become an important branch of air activity.

Forest Air Patrol

Owing to lack of funds, air patrol of standing timber in the West was suspended for several years but was restored last year. The Forestry Service and the Army Air Service are working out a plan of co-operation which includes the establishment of five operating bases situated in southern California, northern California, Washington, Idaho and Montana. This type of air service is specially valuable in detecting of forest fires.

The Department of the Interior reports that the Bureau of Mines is using commercial airplanes to communicate from one mining district to another in Alaska.

Air Mail Service

The Government has greatly increased its air mail facilities as the map which accompanies this article shows. It is now possible to send at the rate of 10 cents per ounce, a letter from New York City to San Francisco in the flying time of 34 hours and 25 minutes. Air mail service is still in its infancy and the time is not far distant when, in all probability, all the important cities of the United States will be connected by air routes.

Future of the Dirigible

The great cost of lighter than air ships or dirigibles makes it seem likely that this branch of aeronautics is likely to continue to be developed chiefly under Government auspices for some time to come, at least. As the writer sees it the great expansion in aeronautics will lie in the development of the airplane for passenger, freight and other activities, many of which have already been touched upon.

The foregoing close-up of existing conditions in the aerial development in this country does not make a very impressive showing as compared to the work accomplished along the same lines in Europe and elsewhere.

While the immediate picture may seem disappointing, the long distance panorama is far from such. The American nation has repeatedly shown its ability, when once it seriously takes up an industry, to "give cards and spades" to the rest of the world. The romance of flying is one which appeals strongly to the American imagination and when the objections such as lack

of proper regulations, etc., have been removed as they are about to be, we may look for a boom in aviation in this country which will make all the aeronautical accomplishments to date seem trifling. This the author earnestly believes and also that we are now just on the threshold of such a boom, which, of course, will have a decided effect on securities of representative companies engaged in this branch of industry.

Within a comparatively few years, it is expected that it will be commonplace, as it is in Europe now, for the long distance traveler, the salesmanager, say, the movies director or the tired capitalist bent on rest and recreation, to board his air liner at New York and fly to Los Angeles, Chicago or Palm Beach.

We have had the Railroad Age and the Automobile Age and we are now about to enter upon the Aerial Age. It should be the greatest and the most fundamentally far reaching of the three.

(*In the next and concluding installment of this series the author will attempt to forecast the important aerial developments of the next few years and their effects upon competing or allied industries in this country.—Editor.*)

ANSWERS TO INQUIRIES

(*Continued from page* 748)

to show increasing profits, is not particularly encouraging, and we suggest a switch into Childs Company, which pays $2.40 in cash and 4% in stock per annum.

MARLAND

An Attractive Oil

My purchase of Marland Oil on your suggestion early this year around 35 has proven profitable as the dividend return is close to 10 per cent and I have a moderate market profit but I do not feel that the stock improves with the oil industry's outlook and the company's report for the first half of this year. I would like your opinion.—E. D. K., Detroit, Mich.

The failure of Marland Oil stock to respond in the market to the excellent report of earnings for the first half year, showing the largest profits in its history, is probably due to the fact that the entire oil group has failed recently to advance, and in fact, has been reactionary, despite the generally favorable market conditions prevailing. The unsatisfactory action of the oil stocks has been due in part to recent shading in prices of gasoline and certain grades of crude oil. Even should the last six months of the year not prove as profitable as the first six months, we consider that Marland Oil stock has good possibilities at present levels. Marland Oil this year has not marked up the price of its inventories, a large percentage of which were acquired at low prices in 1924; hence, even should the price of oil recede later in the year, the company would have

no inventory losses to write off. We advise retaining the stock.

PHILLIPS PETROLEUM

Improvement in Earnings

I have 25 shares of Phillips Petroleum for which I paid 66 and early this year I thought to average down by buying 25 at 39. Was this a wise move? Would you inform me of your opinion of Phillips and if you believe the stock is likely to sell again around its former top? I think the highest price it ever sold at was $70.—A. S. G., Brooklyn, N. Y.

Phillips Petroleum for the six months ended June 30, 1925, reported net earnings before deducting for depreciation and depletion, of 10.5 million dollars, which compares with 7.6 millions for the same period of 1924. This company is one of the most important producers in the Midcontinent field, and as it holds a large reserve acreage of proven oil lands it should be able to maintain a high rate of production for many years to come. During the past year it has greatly increased its production of natural gas, and in view of the better market prevailing for gasoline this year, the company has been able to show substantial profits on this branch of its business. Whether the price will advance again to its old high price level will naturally depend on conditions in the oil industry. There has been some recession in the price of gasoline and certain grades of crude oil recently, but on the whole, we consider the situation reasonably satisfactory. As a rule we do not believe it a good policy to average in a stock, for by following this method you are likely to put too many eggs in one basket, and greater safety is obtained by diversification. However, in this case you have selected the stock of a strong company, and we believe there are excellent prospects of your commitment working out satisfactorily.

CENTRAL LEATHER

Outlook Improved

I hold both common and preferred shares of Central Leather. The preferred cost me 82 and the common 27. I have been watching the recovery of these stocks this year and would thank you to advise me what you think of the possibility of eventually getting out even or possibly finding the stocks placed again on an investment basis.—L. A. F., St. Louis, Mo.

Central Leather for the six months ended June 30, 1925, reported earnings equivalent to $3 a share on the preferred stock, which compares with a deficit of 1.1 million dollars in the first half of 1924. Although dividend requirements on the preferred stock were not covered in the first six months, this is an excellent showing, for in this industry profits in the latter half of the year are nearly always much larger. Since July 1st Central Leather has booked a substantial amount of orders, the situation showing considerable improvement over May and June. Stocks of leather are down to normal for the first time in several years, and with the shoe industry operating on a favorable basis, indications are that the demand for the company's products will be quite favorable throughout the balance of the year. Central Leather is in very strong financial condition,

and only a small improvement in earning power would warrant the directors in resuming dividends on the preferred stock. There are 29¾% back dividends due on the preferred issue, and in view of this, dividends on the common stock must be regarded as very remote. However, if the preferred stock resumes dividends, the common stock may be expected to have a sympathetic upward move, and we believe that in view of the improved outlook for the company, it is advisable for you to retain both common and preferred.

ALLIS-CHALMERS

A Switch Suggested

On your advice I held Allis-Chalmers last year when I was tempted to take a profit. As a result I have about 15 points per share additional gain on paper. Would you still hold it?—F. A. S., Chicago, Ill.

Allis-Chalmers is a very strong company, and its business has been on a favorable basis, due in large part to the satisfactory demand now existing for electrical equipment. The stock, however, has had a very extended advance, and it is our opinion that at present levels there are better opportunities in other issues. We suggest that you accept your profit, and purchase instead Westinghouse Electric & Mfg. common, pays $4 a share per annum and selling around 72. This company is the second largest manufacturer of electrical equipment in the country, and due to a conservative dividend policy, has built up a very strong financial condition. Current earnings are estimated at about twice present dividend payments, and shareholders may confidently look forward to more liberal treatment in the future.

RAY-INSPIRATION

Will They Merge?

What can you tell me about the possibility of a merger between Ray Consolidated and Inspiration? I have stock in each of these companies. I would like to switch into the one that holds the most promise of having the best terms offered in the event of such a consolidation.—A. S. D., Newark, N. J.

There has been considerable talk of a merger between Ray and Inspiration, but up to the present time there has been no indication from official sources that there will be any immediate action along these lines. Unquestionably it would be a favorable development for companies such as Ray and Inspiration, that are not among the very low cost producers of copper, to get together, as fair progress could then be made in stabilizing the price of copper at a fair level. It is, of course, impossible for us to predict on what terms the two companies will merge, if they do merge. But the ratio of values has been worked out by engineers based on ore reserves, earning power, etc., and this ratio is approximately 1¼ shares of Ray for one of Inspiration. Of course, there is no assurance that the exchange of stock will be made on any such basis, but nevertheless, it is our opinion that Ray Consolidated, on the basis of present market prices, is the better holding.

THE BEST MANAGEMENT I EVER KNEW

(Continued from page 741)

since then. His method was an old and tried one: He merely surrounded himself with able lieutenants—that is, took into the organization men who could be trained to manage the corporation as well as he could, himself.

I do not know how many of my readers will appreciate the importance of this man's first official act. For their consideration, I will say that, in the opinion of many better qualified than myself, the strongest "one-man" company is far weaker than the weakest "group-managed" company; for the "one-man" company, as the life insurance experts will tell you, is bound to lose, sooner or later.

Banning Illusions and Facing Facts

What I consider to have been the next most important official act of this new management was to ban illusions and face facts.

The previous management, you must understand, had done just the opposite. With the worst sort of record staring it in the face—and one that grew still worse, from year to year, instead of improving—this former management had always conducted itself as though "the turn" was just in sight—"bound to come"—"things will get better," etc., etc.

The new management, as I say, faced the facts. The facts were: An over-extended plant; A Lop-Sided Output (with too much emphasis on showy, but comparatively unproductive products); A Weakened Financial Structure; A Down-Trend rather than an Uptrend. "Costs must be reduced" was the slogan the new management adopted.

To appreciate just how sincere this new management was (and is) in respect to costs, you would have to see the quarters in which the officers of the company have labored since they first took hold, those seven years ago: Comparatively cramped, comparatively ill-furnished, exceedingly unattractive and everything in the world but "showy." It is under such surroundings that the president of this corporation has labored, and is, with all his official associates, laboring today.

Naturally, with the "big boss" knuckling down in this fashion, it has been comparatively easy to get the working organization to knuckle down, too. And they have been made to knuckle down. The rewards of accomplishment in that organization are made just as high as the enterprise itself makes possible; and the punishments for indolence, lack of spunk, incompetence, etc., have been made equally swift.

Resisting Temptation

Having bared the facts about the

situation and faced them; and having further decided to cut down costs, the management's next feat was along the lines of temptation-resisting.

It happens that this management enjoyed from the beginning the confidence of the financial gentry responsible for putting it in power. Had it chosen to do so, it is indubitable that the management could have called for a refinancing of the company, through the sale of additional securities, and thus immediately supplied itself with working capital. The temptation to proceed along these lines, as many investors realize, is one of the most difficult temptations a corporation management has to overcome. It is something like the temptation of the man who is down and out, who doesn't know where his next meal is coming from, but who does know where he can borrow a year's expense money.

My management didn't yield to this temptation. It argued, logically enough, that "what we don't borrow today, we won't have to pay back tomorrow—and tomorrow is just the day after today."

Forthwith, the management proceeded to rearrange the operating methods of the corporation until it was able to pay its current expenses out of earnings; then, when things had finally been established on a paying basis, instead of starting in on dividends, it proceeded to charge against earnings good will, patents and similar items, which had unduly watered the accounts of the old corporation.

These intangibles—which are more and more widely being recognized as undesirable additions to an asset column—having been dispensed with, the management might have been expected to devote its entire surplus earnings, over and above a fair margin to surplus, to the discharge of dividend arrears. It didn't. Instead:—

The management having conducted penetrating (and quiet) investigations along the necessary lines, had found that one of its plants could be maintained and manned considerably cheaper in a location about 1,200 miles distant from its then location. It therefore decided to dispose of its old plant and erect a new one in the more desirable place; and it decided to finance that plant-change out of its earnings.

Other Achievements

Probably it isn't necessary for me to say much more. There are other achievements scored by this management—for example, the development of an entirely new "public relations" policy, which has built up consumer good will; also the development of a new "dealer" policy, which has built up trade good will. It might, however, prove boresome to go into these details, and it would not help any in justifying the conclusion which I may describe as a foregone one:—

Conclusion

This company of which I speak is today doing the largest volume of busi-

ness, at the greatest ratio of profit, in its history; its finances are sound; it has already discharged most of its dividend arrears, and should soon discharge them in entirety; its securities—which used to go a-begging for buyers—are now in very inadequate supply; this last despite the fact that they have enhanced 150% in market value within the last few years.

The recovery is not attributable to general prosperity. Other companies, in the same line, are not prosperous today. It is not attributable to "luck." The previous management had plenty of chance to be "lucky." It is not attributable to the buying whims of the public; other products of the same potential value are available for purchase.

Management is the thing—has been the thing—will be the thing. The open sesame to corporate achievement almost regardless of line.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$3	Am. Bank Note pf...	$0.75	Q	8-15	10-1
$2	Am. Chain Co. "A"..	$0.50	Q	9-19	9-30
7%	Am. Linseed pf.....	1¾%	Q	9-19	10-1
..	Amer. Loco. cm....	$2.50	Ext	9-14	9-30
$7	Amer. Metals pf. ..	$1.75	Q	8-21	9-1
$3	Amer. Metals cm. ..	$0.75	Q	8-20	9-1
$4	Am. Radiator cm...	$1.00	Q	9-15	9-30
5%	Am. Tel. & Cable Co.	1¼%	Q	8-31	9-1
$4	Borden Co. cm......	$1.00	Q	8-15	9-1
$8	B'klyn Edison	$2.00	Q	8.14	9-1
$6	Cal. Packing cm.	$1.50	Q	8-31	9-15
..	Childs Co. cm.	1%	Stk	8-28	10-1
$2.40	Childs Co. cm.	$0.60	Q	8-28	9-10
$7	Childs Co. pf.	$1.75	Q	8-28	9-10
$7	Cudahy Co. cm.	$1.75	Q	10-5	10-15
..	Curtiss Aero. pf. ..	2½%	..	8-15	9-1
$3	Cushman's Sons cm.	$0.75	Q	8-15	9-1
$7	Cushman's Sons 7% pf.	$1.75	Q	8-15	9-1
$8	Cushman's Sons 8% pf.	$2.00	Q	8-15	9-1
$9	Del. & Hudson......	$2.25	Q	8-28	9-21
7%	Duquesne Lt. pf....	1¾%	Q	8-15	9-15
$7	Fair.-Morse pf.	$1.75	Q	8-15	9-1
5%	Gen. Asphalt pf....	1¼%	Q	8-14	9-1
$7	Gen. Cigar pf.	$1.75	Q	8-24	9-1
$2.50	Hartman Corp.	$0.625	Q	8-18	9-1
..	Hayes Wheel cm. ..	$0.25	Ext	8-31	9-15
$3	Hayes Wheel cm. ..	$0.75	Q	8-31	9-15
$7.50	Hayes Wheel pf....	$1.875	Q	8-31	9-15
$3	Household Prod. ...	$0.75	Q	8-14	9-1
$2.50	Inland Steel cm....	$0.625	Q	8-14	9-1
$2	Int. Comb. Eng. ...	$0.50	Q	8-18	8-31
$6	Int'l Shoe pf.	$0.50	M	8-15	9-1
$8	Kinney (G. R.) pf..	$2.00	Q	8-21	9-1
12%	Ligg. & Myers cm.	.3%	Q	8-17	9-1
12%	Ligg. & Myers cm. B.	3%	Q	8-17	9-1
$4	Lima Loco.	$1.00	Q	8-15	9-1
$1.50	Man. Shirt cm.	$0.375	Q	8-17	9-1
$2	Martin-Parry	$0.50	Q	8-15	9-1
10%	May Dept. Stores cm.	2½%	Q	8-14	9-1
7%	Nat'l Biscuit pf. ..	1¾%	Q	8-17	8-31
$7	Nat'l Lead pf.	$1.75	Q	8-21	9-15
6%	N.Y.C. & St. L. cm..	1½%	Q	8-15	10-1
6%	N.Y.C. & St. L. pf..	1½%	Q	8-15	10-1
$7	Nor. & Western cm.	$1.75	Q	8-31	9-19
$1.80	Orpheum Cir. cm. ...	$0.15	M	8-20	9-1
7%	Packard Mot. pf. ..	1¾%	Q	8-31	9-15
$4	Phillips-Jones cm. ..	$1.00	Q	8-20	9-2
$7	Pitts. Steel pf.	$1.75	Q	8-15	9-1
$7	Pressed St'l. Car pf.	$1.75	Q	8-18	9-8
$8	Schulte Strs. cm. ..	$2.00	Q	8-15	9-1
$5	Stand. Mill. cm. ..	$1.25	Q	8-21	8-31
$6	Stand. Mill. pf.	$1.50	Q	8-21	8-31
$2	S. O. of Calif.	$0.50	Q	8-17	9-15
$1	Tenn. Cop. & Chem.	$0.25	Q	8-31	9-15
$3	Timken Roller Bear..	$0.75	Q	8-19	9-5
..	Timken Roller Bear..	$0.25	Ext	8-19	9-5
7%	United Drug cm. ..	1¾%	Q	8-15	9-1
6%	United Drug 2pf..	1½%..	Q	8-15	9-1
$2	U. S. Hoff. Corp. cm.	$0.50	Q	8-20	9-1
$7	U. S. Hoff. Corp. pf.	$1.75	Q	8-20	9-1
..	U. S. Steel cm.	$0.50	Ext	8-28	9-29
$5	U. S. Steel cm.	$1.25	Q	8-28	9-29
$1	Wright Aero.	$0.25	Q	8-17	9-31
$3	Wrigley, Wm., Jr. ..	$0.25	M	8-20	9-1
$4	Yell. Cab (Chic.)	$0.33⅓	M	8-20	9-1
$2.52	Yell. Cab Mfg. "B".	$0.21	M	8-20	9-1

UNLISTED UTILITY BOND INDEX

(IN ORDER OF PREFERENCE)

POWER COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Indiana Power Co. 7½s, 1941	B..	103	105	6.95
Nevada-California Electric 1st 6s, 1946	B..	99½	100	6.00
Tennessee Power Co. 1st 5s, 1962	A..	95½	97	5.15
Alabama Power Co. 1st Ln. & Ref. 6s, 1951	A..	104¼	105¼	5.55
Appalachian Power Co. 1st 5s, 1941	A..	98	99½	5.10
New Jersey Power & Light 1st 5s, 1936	B..	96	97¼	5.35
Illinois Power & Light 1st & Ref. 6s, 1953	B..	102½	103½	5.75
Appalachian Power Co. 7s, 1936 (Non-Callable)	B..	106	108	5.95
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946	B..	97	97¾	5.20
Idaho Power Co. 5s, 1947	A..	96½	97½	5.15
Texas Power & Light Co. 1st 5s, 1937	B..	98⅞	99⅜	5.20
Central Indiana Power 1st Col. & Ref. 6s, 1947	C..	98½	99½	6.05
Central Ga. Power Co. 1st 5s, 1938	B..	97	97½	5.20
Kansas Electric Power 1st Series A, 6s, 1937	B..	102	104	5.50
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936	B..	95¾	96½	5.45
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A..	105	106	5.60
Washington Coast Utilities 1st Mtge. 6s, 1941	B..	102	104	5.70
Ohio Power Co. 1st Ref. 7s, 1951	A..	106¼	107	6.45
Great Western Power Co. 5s, 1946	A..	98¼	99	5.05
North Carolina Public Service 1st 5s, 1934	B..	95¼	96	5.80
Public Service Corp. of N. J. 6s, 1944	B..	99	100	6.00
Parr Shoals Power Co. 1st 5s, 1952	B..	94½	96	5.25
Yadkin River Power 1st Mtge. 5s, 1941	A..	99¼	99½	5.05
Mississippi River Power 1st 5s, 1951	A..	99½	100	5.00
Nebraska Power Corp. 1st 5s, 1949	A..	99¼	100	5.00

GAS AND ELECTRIC COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Wilmington Gas Co. 5s, 1949	B..	93	95	5.35
Cons. Cities Light, Power & Traction 1st 5s, 1962	B..	80½	81¼	6.25
Seattle Lighting Co. Ref. 5s, 1949	B..	91½	93	5.50
Burlington Gas & Light 1st 5s, 1955	B..	91½	93	5.45
Twin State Gas & Electric Ref. 5s, 1953	B..	93¼	94¼	5.45
United Light & Railways 6s, 1952	B..	100	101	5.95
Tri-City Railway & Light 5s, 1930	B..	98¾	100	5.00
Dallas Power & Light 6s, 1949	A..	103	105	5.60
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B..	107½	...	...
United Light & Railway 5s, 1932	B..	96⅝	97⅜	5.60
Pacific Gas & Electric 1st & Ref. 5½s, 1952	A..	102¼	102⅜	5.30
Rochester Gas & Electric 7s, Series B, 1946	B..	110	111	6.10
New York & Richmond Gas 1st Ref. 6s, 1951	C..	102	102½	5.80
Portland Gas & Coke 1st 5s, 1940	B..	96½	98	5.20
Indianapolis Gas Co. 1st 5s, 1952	B..	97½	98½	5.05

TRACTION COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Galveston-Houston Electric Railway 1st 5s, 1954	B..	85	86½	6.00
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B..	97	98	5.70
Northern Ohio Traction & Light 6s, 1926	B..	99	99¾	6.20
Knoxville Railway & Light 5s, 1946	C..	93½	95	5.40
Columbus Street Railway 1st 5s, 1932	B..	95	96	5.75
Kentucky Traction & Terminal 5s, 1951	C..	80½	81½	6.50
Nashville Railway & Light 5s, 1953	B..	95	97	5.20
Memphis Street Railway 5s, 1945	C..	75	77	7.20
Schenectady Railway Co. 1st 5s, 1946	C..	75	80	6.80

HOLDING COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
American Power & Light 6s, Series A, 2016	B..	97	98	6.10
Standard Gas & Electric Co. 6s, 1935	C..	98½	100	6.00
Virginia Power Co. 1st 5s, 1942	B..	95¼	96	5.40
General Gas & Electric s. f. 7s, 1952	B..	104½	105½	6.45
American Gas & Electric 6s, 2014	B..	98	99	6.05
Middle West Utilities 8s, 1940	A..	108¼	109¼	7.00
Jersey Central Power & Light 1st 6½s, 1948	B..	109	110	5.70
Southwestern Power & Light 1st Mtge. 5s, 1943	B..	95¼	96	5.40
Central Power & Lt. 1st Pr. Ln. 6s, 1946	B..	101	102	5.80

TELEPHONE AND TELEGRAPH COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Pacific Tel. & Tel. 5s, 1952	A..	98⅝	99	5.05
Southern California Telephone 1st & Ref. 5s, 1947	A..	98½	100	5.00
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A..	98½	99½	5.05
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A..	97½	99½	5.05
Houston Home Telephone 1st 5s, 1935	A..	99	100	5.00
Ohio State Telephone Co. Ref. 5s, 1944	A..	99½	101	4.95
Western Tel. & Tel. Collateral Trust 5s, 1932	A..	100	100⅛	4.95

* Yield computed at the asked price.

A THOUSAND AND ONE NIGHTS IN A BLUE SKY

(*Continued from page 713*)

He is often promised a machine so that he can properly perform the work of an agent of the corporation.

Nearly all "gyp" companies give price concessions on their own products to shareholders.

Straight election to the board of directors is effected as follows: The application for membership is presented to the victim by the salesman, once he has the proper number of qualifying shares. The application blank is very ingenious; in fact, it is Machiavellian. It requires the age of the applicant, his business, his connections, and last but not least, a statement of his resources, to see if he has the proper responsibility. This enables the next salesman not to shoot in the dark.

It is noteworthy that the same representative never calls again. The victim laments to the new one what the former did to him, and the new salesman condoles with him, and promises to adjust the wrong.

Hence arises that peculiar bird, the "straightener-out." Such a man is worth his weight in gold. He blandly reconciles all of the stockholders, and he knows just what to say, no matter how embarrassing their account of their deceits would appear to us. Compared to this type, the European diplomat lacks resourcefulness. Those who smooth the matter by correspondence are less well paid, because they do not have to take the risk of facing the victims in their homes.

The great weapon of the reload is the dividend cheque. The salesman usually congratulates the "investor" on his sagacity in choosing an interest-paying investment, and the colloquy ends by the salesman taking back the cheque in part payment for more stock. The dividends are delivered by hand, first on account of the mails supervision, and more importantly because they are declared only as a bait. They are, of course, not derived out of the profit and loss surplus of the corporation, for it has none, but out of the capital surplus, itself a product of stock sales. Usually it is strictly legal. The dividend is usually conservative; this flatters the unknowing investor, who has been told that no high rate of interest is safe; if, however, he should be disappointed, then the salesman assures him it is only the regular dividend, but the great return will be in the extraordinary dividend to be declared next month. And, anyhow, why worry, for the salesman will sell the stock at a 50% advance next week.

Just as thieves have a language all their own so have the stock salesmen. Indictments in stock cases may refer to the stockholders as "victims," but in the expressive language of the Middle West salesman the victim is known as

a "Christmas Tree," or giver of gifts. In the East he is known as a "mooch," from the pan-handler term, to "mooch" a meal. Hence also, a giver of gifts. Salesmen do not say "I sold the stockholder $5,000 in shares," but "I took over the mooch for five grand."

"Zexing" is a peculiar art. Many salesmen asked themselves, first, why they should split profits with the promoter, and latterly, why they should work for a company which could be traced, thus always getting into hot water. Hence there arose the "Zexer," who plays as a lone wolf. He buys a cheap, and usually worthless stock in the open market, and goes into the hinterland, and sells the stock, sold in the unlisted market for 50 cents, for $75, by utter misrepresentation. He usually selects a stock with a purposely misleading title, such, say, as a Ford Machine Company, or a Bethlehem Ferrous Metals Company. These are not real names, but the type they would select. The "Zexer" has a fictitious name; he delivers the stock when he sells it, and he gets either cash, a certified cheque that can be cashed at the bank, or securities—usually first-class ones, endorsed and easily negotiated. The chances against his being caught are about a million to one.

Where the Blue Sky laws have failed, public-spirited corporations have succeeded. No "Zexer" and few "Gyps" would dare to try to negotiate or transfer U. S. Steel or Am. Tel. & Tel., as these companies go to infinite expense to defend their stockholders, and they compel the crooks to disgorge. What they have done, others can do.

When the waiver and release trick became too familiar, a Chicago gyp visited a backwoodsman in Indiana, who refused to "bite," and who, as the salesman left crestfallen, yelled out, "Say, didn't you want me to sign that waiver?"

But take the other side. Two stock salesmen, armed with blank cheques (they always carry them), called on a remote lumberman and sold him some Oklahoma oil stock. They were astounded when he signed the blank cheque for $100,000, but it was paid at the bank without a word.

Banks are hostile to gyps, hence they go with the "mooch" to the bank, when he takes out his Liberties, so as to guard him against the wicked local banker who wants all the cream for himself, while he pays them only 4%. They especially tell the "mooch" not to talk to the banker, as the banker is disappointed because he couldn't get an allotment.

Nevertheless, many banks in the West are plastered with signs "Don't buy stock until you see the officers." Bank depositors are pledged not to buy stock. This proved fatal to a stock-selling scheme in Missouri, a motor car merger, which was afterwards formally launched in Wall Street!

In many states the reselling of stock to stockholders does not come under the ban. As this is the essence of gyp selling, of what good is the law? The Massachusetts common law trust certificates were sold in place of

stock certificates at first, but most states cover this. Joint stock associations are not specifically covered in more than one state. In a mid-western state, where trust companies are exempt from the law, gyps do a good business in buying up charters of obsolete companies, and then have them offer stock. The writer is acquainted with far more evasions, but these are subtle and not easily explained.

Until we have a genuine Companies Act, nation-wide or Federal, there is no governmental relief in sight.

INSURANCE DEPARTMENT

(*Continued from page* 744)

the child or its guardian, assuming that the child was under age at the time of her death?

She is a young widow, about thirty-four, the child at present being about seven years of age.—E. H. D., New York City, N. Y.

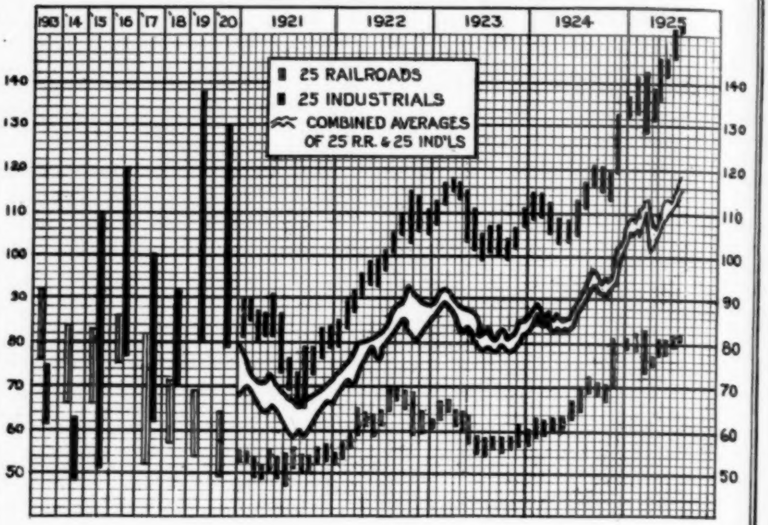
Your client, a young widow about 34 years old with a child seven years of age, could advantageously apply for life insurance coverage on the 30-Year Endowment form. A policy for $10,000 on this plan would provide protection for her child over a long period (30) of years, and when the Endowment matured—in the 64th year of the insured—her child would have matured, would be independent of her support in the normal course, and the insured would herself receive the proceeds of the Endowment, representing not only protection for a dependent for 30 years but her own Thrift Fund.

It should be stipulated, in applying for the policy, that if the policy becomes a claim before the Endowment matures, and the proceeds are paid to the child as beneficiary, such proceeds will not be paid in a lump sum, but in instalments over a designated period of years. In this way the child (if then of age), or the guardian will not have to seek investment for the sum of $10,000, nor will there be a possibility of the money being dissipated or lost through unfortunate or ill advised investing. If annual instalments were paid over a period of 10 years, the proceeds would yield a yearly income of about $1,162.

If the young widow lived to the maturity of the Endowment in her 64th year, she could then apply the proceeds of her Endowment, $10,000, to the purchase of an annuity. If purchased at age 65, she could secure an annual income for life of aproximately $970 for a purchase price of $10,000—almost 9¾% return,—according to present annuity figures. At that period of life an increased income along such lines is the means of procuring some of the added comforts and luxuries which are so grateful to the declining years of life.

For Feature Articles to Appear in the August 29th Issue—See Page 703

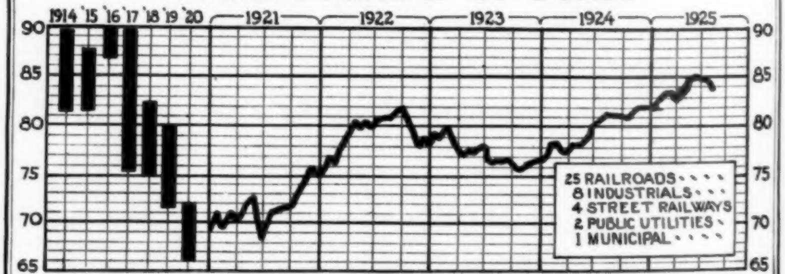
Stock Market Averages



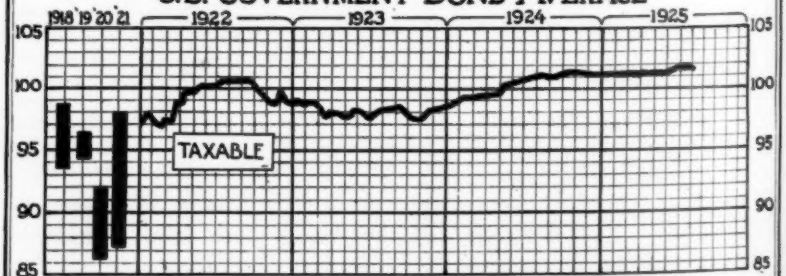
MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	20 Rails	N. Y. Times —50 Stock— High	Low	Sales
Thursday, July 23..	84.07	135.33	99.19	115.84	114.54	1,203,980
Friday, July 24.....	84.14	135.58	98.90	116.54	115.22	1,334,747
Saturday, July 25..	84.14	135.63	99.03	116.13	115.66	587,400
Monday, July 27....	84.23	136.50	99.22	117.21	115.84	1,601,514
Tuesday, July 28...	84.18	135.62	99.75	117.74	116.34	1,970,955
Wednesday, July 29.	83.98	134.48	99.31	117.63	116.41	1,518,383
Thursday, July 30..	83.92	134.16	99.08	117.13	116.01	1,286,614
Friday, July 31....	83.87	133.81	98.74	116.63	115.38	1,286,224
Saturday, Aug. 1...	83.76	134.45	99.02	116.75	115.98	479,978
Monday, Aug. 3....	83.76	135.81	99.32	117.70	116.39	1,045,310
Tuesday, Aug. 4...	83.68	136.38	99.56	117.91	116.72	1,391,512
Wednesday, Aug. 5.	83.62	135.73	100.02	118.20	117.00	1,429,367

Average Price of 40 Bonds



U.S. Government Bond Average



Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	80	— 87
Aeolian Weber	17	— 22
Aeolian Weber pfd. (7)	88	— 95
Allied Packers	6	— 8
Sr. Pfd	12	— 16
Pr. Pfd.	54	— 58
Alpha Port. Cement (6)	132	—136
American Arch (5P)	115	—118
American Book Co. (7)	135	—140
Amer. Cyanamid (4P)	105	—112
Pfd. (6)	82	— 86
Amer. Thread pf. (¼)	3¾	— 4
Atlas Port. Cement (4)	51	— 53
Babcock & Wilcox (7)	143	—147
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	103½	— ..
2nd Pfd. (7) G	95	— ..
Borden Co. (4) ....New	80	— 84
Pfd. (6)	106	— ..
Bucyrus Co. (5)	172	—177
Pfd. (7)	104	—108
Celluloid Co.	24	— 27
Pfd. (8)	70	— 75
Congoleum Co. pfd. (7)	102	—103
Croker Wheeler	..	— 25
Pfd	..	— 77
Devoe & Raynolds (6P)	129	—133
2nd Pfd. (7)	97½	— ..
Eisemann Mag. pfd. (7)	43	— 47
Franklin Rwy. Sup. (K)	92	— 95
Gen. Optical pfd. (3½)	25	— 30
Gen'l Rwy. Sig. (6½s)	230	—240
Hale & Kilburn pfd (½)	14	— 17
Ide (Geo. P.) & Co., Inc.	..	— 7
Pfd. (8)	65	— 68
Jos. Dixon Crucible (8)	146	—148
Johns-Manville, Inc. (3)	168	—173
Knox Hat	52	— 55
2nd Pfd.	55	— 60
Pr. Pfd. (7)	88	— 92
Lehigh Port. Cement (3)	88	— 92
Metropolitan Chain Sts.	44	— 46
1st Pfd. (7)	102	—105
2nd Pfd. (7)	98	—102
McCall Corp.	100	— ..
Pfd. (7B)	120	— ..
Nat'l Fuel Gas (6)	111	—113
New Jersey Zinc (8P)	190	—193
Niles-Bement-Pond	42	— 46
Pfd.	62	— 66
Phelps-Dodge Corp'n (4)	110	—113
Pierce, But. & P'ce (8)	120	— ..
Pfd. (8)	95	— 99
Poole Eng'g (Md.)		
Class A	10	— 15
Class B	10	— 15
Richmond Radiator Co.	20	— 25
Pfd. (7)	115	—125
Royal Bak'g Powder (8)	143	—147
Pfd. (6)	101	—103
Safety Car H. & L. (8)	113	—115
Savannah Sugar (6)	123	—126
Pfd. (7)	108	—114
Sheffield Farms (6)	190	— ..
Pfd. (6)	98	—101
Singer Mfg. Co. (10P)	273	—278
Singer, Ltd. (¼)	7¾	— 8¾
Superheater Co. (K)	148	—162
Technicolor, Inc.	5½	— 6½
Thompson-Starrett (6)	90	— ..
Pfd. (8)	100	— ..
Victor Talking Mach.	76	—79
White R'k 2d Pfd. (6P)	180	—250
1st Pfd. (7)	98	—102

*Dividend rates in dollars per share designated in parentheses.

B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate not established.

P—Plus Extras.

OVER-THE-COUNTER issues were somewhat less active but continued to show good form. The better-grade stocks of investment quality accounted for most of the fortnight's activity. Securities related to the building industry attracted attention. The cement stocks, particularly *Atlas Portland*, enjoyed a fair-sized turnover. *Johns-Manville* continued to feature. This stock ran up to a high mark at 181. No definite news accompanied the rise although a number of unconfirmed rumors were afloat, as usually happens in such instances. *Knox Hat* was another issue which acted in a manner suggesting favorable developments.

METROPOLITAN CHAIN STORES, INC.

The turn in the affairs of this enterprise bears eloquent testimony to the results that may be achieved by properly directed effort. In 1917, Metropolitan 5 to 50c. Stores, Inc., was brought into being to consolidate an extensive chain of stores operating on the well known five and ten-cent plan.

The original company, apparently, was more ambitious than wise. Operations were expanded until 145 units had been acquired. These were scattered over various states, as far west as Utah. The process of welding these widely spread stores into a harmonious unit seems to have been beyond the strength of the company's sponsors. The business became involved in sundry difficulties which the deflation epidemic further complicated. Several of the individual stores produced losses instead of profits.

A new management was installed in 1921, under the leadership of Mr. V. M. Bovie. Associated with him are executives who have had experience with such successes as Kresge and McCrory. This transfusion of new blood appears to have been productive of the result desired.

Under a plan of financing adopted last October, Metropolitan 5 to 50c. Stores relinquished its business, assets and operating responsibilities to the present Metropolitan Chain Stores. The new company assumed the obligations of the old but these were reduced approximately 1.5 million dollars under the plan of reorganization.

The original concern became a holding company, receiving all of the preferred and most of the common stock of the new company in exchange for the properties turned over to it. The holding company consequently sold the preferred stocks but still retains a control of Metropolitan Chain through ownership of common shares.

The latter has 12,000 shares of first 7% cumulative preferred and 5,500 shares of second cumulative preferred stocks authorized and outstanding. Both issues are redeemable at $115 a share and may be converted, any time prior to April 1, 1928, at the rate of two common for one preferred. Of the authorized 160,900 shares of no par common stock, 35,000 shares have been reserved for such conversion.

Earning power of Metropolitan Chain Stores is not yet fully established but it is interesting to note that, in the ten weeks from October 23, 1924, to the close of December, net profits were equivalent to $1.91 a share for the common, after allowance for dividends on the preferred stocks. At the close of 1924, current assets stood at 1.82 million dollars against $499,763 of current liabilities.

The new management has applied sound financial and merchandising methods to the conduct of the business. Although the number of stores has been cut to 68, sales nevertheless increased from 5.39 millions in 1921 to 7.62 million dollars last year. Monthly gross business during the current year has continued to expand, with June sales more than 33% ahead of the corresponding month a year ago.

Metropolitan Chain Stores common stock appears deserving of consideration as a long pull speculation. The first and second preferred stocks are, of course, unseasoned, but may be regarded as good investments of the so-called business man's type. The conversion feature of these issues gives the holder a call upon the common stock, which adds to their attractiveness.

In the event the common reaches a market value of $49 a share, each additional point advance would mean a two point rise in the second preferred stock, due to this conversion privilege. Similarly, after the common stock reached $51, the conversion feature of the first preferred would become valuable.

The Real Estate Boom—
Where Is It Leading?
An article to appear in
the August 29th issue.
See Page 703

Bank and Insurance Stocks

Quotations as of Recent Date ‡

National Banks:

	Bid	Asked
American Exchange (16)	395	405
Chase (20A)	465	475
Chatham & Phenix (16)	326	332
Chemical (24)	668	678
City (20A)	488	496
Commerce (16)	372	380
First (N. Y.) (100A)	2875	2975
Garfield (15)	360	390
Hanover (24)	1015	1020
Harriman (20)	480	500
Mechanics & Metals (20)	415	425
Park (24)	505	515
Public (16)	495	505
Seaboard (16)	580	620

Trust Companies:

	Bid	Asked
Bankers (20)	492	500
Central Union (28)	885	900
Equitable (12)	289	294
Farmers L. & T. (16)	560	580
Guaranty (12)	360	368
Irving Bk.-Col. Tr. (14)	280	288
Manufacturers (16)	395	405
United States (60)	1800	1875

Insurance Companies:

	Bid	Asked
Aetna Fire (24)	595	605
American Surety (6.50)	142	145
Carolina (1)	38	40
Continental (6)	114	115
Fidelity-Phenix (6)	165	169
Glens Falls (1.60)	39	41
Globe & Rutgers (28)	1350	1400
Great American (16)	282	286
Hanover (5)	178	184
Hartford Fire (20)	565	575
Home (18)	356	359
Milwaukee Mech. (2.20)	42	43
National Fire (20)	715	725
National Surety (9)	212	216
Niagara (10)	244	246
North River (4)	110	115
Stuyvesant (6)	220	225
Travelers (20)	1390	1410
United States (4.80)	140	145
Westchester (2.50)	44	45

Joint Stock Land Banks*

	Bid	Asked
Chicago (10)	177	183
Dallas (10)	165	170
Des Moines (9)	150	156
Kansas City (10)	170	178
Lincoln (9)	150	156
South Minnesota (10)	164	170
First Carolinas (8)	125	133

‡Dividends in dollars.
*Dividends in % of par.
(A) Includes dividends from Securities Corp.

A GOOD undertone has prevailed in the market for Bank and Trust company stocks and prices have been firm, despite the fact that there was not a large volume of trading. American Exchange and Guaranty Trust were the features, the former rising 30 and the latter 35 points. The advance in Guaranty Trust reflects the final liquidation of all obligations arising out of its participation in the Mercantile Bank of the Americas. With the last of the post-war mistakes cleared away, Guaranty Trust is in the strongest position in years. There was also great interest displayed in the recent report of the control of Stern Brothers, the New York department store, by a group close to the Manufacturers Trust Company.

First National has been bid up to 2875 as practically no stock is offered. There was heavy buying of U. S. Trust, whose capital of $2,000,000 as against surplus and undivided profits of over $18,000,000 has given rise to

FOR INVESTMENT AND SPECULATIVE OPPORTUNITIES READ THE CLASSIFIED ADVERTISEMENTS ON PAGE 782. YOUR OPPORTUNITY MIGHT BE THERE.

the expectation of a large stock dividend.

The Insurance stocks have been more buoyant, some of the Hartford life insurance companies being heavily featured, especially Travelers and Aetna Life. The new Connecticut law is responsible as it permits the stocks of these companies to be held by savings banks and trustees. It is argued that where Connecticut has led, many other states will follow.

Investments More Valuable

The sentiment in Insurance stocks is very bullish, principally on account of the continued appreciation in value of most of investment holdings of the companies. The appreciation in 1924 has been duplicated this year, and unless there is a great recession in stocks the quotations will be marked up again on December 31st as they were on June 30th. On the other hand, it must be recalled that bonds have already begun to decline in price, and that about three-fifths of insurance company commitments are in bonds. No groups of investors are, however, quite as clever in "switching" investments as are the insurance companies, and the proportion of stocks held would probably increase.

The joint stock land bank stocks have been fairly active and in good demand, strength has been shown more especially by First Carolinas. The yield continue to centre about 5.90%.

TRADE TENDENCIES

(*Continued from page* 754)

freight and passenger car manufacturers, as already indicated, will show up better. Repair work is a stabilizing factor with many of these companies. Other concerns which deal in specialized products, such as brake shoes, springs, and the like, should continue to do well since their services are dependent primarily upon the volume of traffic which directly affects the condition of equipment.

BUILDING

High Rate of Activity

Building continues apace. The volume of construction awards has shown consistent gains, month by month, since March, notwithstanding last year's record totals. Much of this unprecedented activity is based upon the sharp expansion in construction in the metropolitan area, including New York and Northern New Jersey, but no important district seems backward.

The upswing in building has been marred only by localized labor troubles. In New York City, a fight between the plasterers and bricklayers, having to

do with the sphere of activity of each, is being fought out at the expense of progress. While this disturbance has tended to interfere with building, it has not halted all activity.

The sag in material prices, such as steel, lumber, and the like, since the earlier part of the year has simply tended to encourage building. Money market conditions have also favored new construction. Lately these items have responded to increased demand and the material markets are harden-ing. No untoward price developments are anticipated, however.

There is little question that the housing shortage no longer exists so that a good share of current building is on a speculative basis. It would seem the part of wisdom to regard the situation with closer regard for future contingencies in view of the swift pace maintained by the industry. In other words, speculative construction is becoming more risky, particularly in the more populous centers where rents are beginning to yield to the larger supply of dwelling places.

THE PASSING SCENE OF BUSINESS

(*Continued from page* 722)

the main theme in the agricultural scheme of things in the South, and that diversification will only be comparatively an incidental divertisement. This is brought out clearly in the remarks of the observers who speak of the increase in the dairy and poultry industries, and of the growing of more grains as being under way, but all of this is a minor key compared to the great problem of cotton, the cash crop of the country.

Smaller Wheat Crop

All is not so well with wheat, the cash grain of the Central West and the West. For it is a short crop, and as usual in such cases, is most uneven in yield. In some states, as Kansas, Nebraska and Oklahoma, it is much less than last year, while in Illinois and Missouri it is somewhat better. In the spring wheat states of the Northwest it is good on the whole, and gives promise of liberal yields. Prices of wheat, as of all grains, are higher than last year, which counts much for the wheat grower who faces a lesser yield, but works against the farmer who has to buy them as feed for his livestock.

The story of the livestock industry is like unto that of certain human ailments which cure themselves by their excesses. Since the war livestock have proved a losing proposition to those who handled them, while their real province is to be the backbone of farming. On the great grazing ranges of the West there have been cold winters and long, dry summers, which depleted their flocks and herds, and made the

business so unprofitable that many of the cattle men went broke, pulling down some banks with them. Prices dropped with great regularity, and the decrease in "heads of cattle" kept pace with the fall in prices because it no longer paid to raise them.

The change for the better came first in prices, and an increase in numbers is now becoming evident, and this is one of the most promising features of the agricultural situation. Like most economic phenomena, both numbers and prices of livestock go in cycles, and the upturn in both for probably several years to come seems to be under way. So those interesting fictions of a short time ago which told of our inability to raise livestock in competition with such newer countries as Argentina, Canada and the like will probably be relegated to the dust heap.

Few things are so significant of the recent progress of agriculture as the fact that in prices, relation of supply to demand, diversification of crops, co-operative associations, balancing of production of the soil to numbers of livestock, the farmers have made the greatest progress since the war of probably any time in their history. As usual, things of a kind have a fashion of flocking together, and among the most cheering features of this report is the prospect of a large corn yield in the Corn Belt, for in the Southern States the crop largely was cut short by drought. Plentiful corn as feed adds to impetus of the livestock industry, especially compared with a year ago when corn was much too expensive to be fed to low priced hogs and cattle which were consequently shipped to market at such figures as they would bring.

While these reports lay stress upon agriculture because it occupies the center of the stage at this season, they do not fail to tell of other matters of moment. One is the universal desire among all classes to own an automobile and then to buy a still newer one not long afterward, with the resultant effect upon business of not buying liberally of other commodities, some of which are far more necessary than the automobile.

Also how advice, warning, and such like admonitions fail to have the slightest effect upon the would-be purchaser of a car. Furthermore, how the purchasing of automobiles on a large scale and the cost of their upkeep make collections slow in many localities. Along with this goes another phase of the situation in relation to the inroads the motor driven vehicle is making into the business of the steam railroad, and how the latter is endeavoring to meet this new competition by "fighting the devil with fire," in the use of the motorbus and truck for their own purpose, and how apparently we have seen but the opening phase of this new method of transportation.

Of the coal mining situation there is the very intimate picture of the small town in many Western States which finds the coal mine the cause of its being, and which sees no way out of

the situation under existing conditions, but which has visions of better controlled production and more stable and uniform days of employment when the mines are in fewer and stronger hands. Far better is the position of oil, the competitor of coal, because of a falling supply and production, and an increasing demand, especially for gasoline, that marks the steadily growing use of automobiles and airplanes.

Of industrial life, the story is of a general reduction of operation, and of orders that fell behind production. Among dealers there is universal carrying of small stocks of merchandise, and of buying only for immediate needs. This latter is only the reflection of the attitude of the consumer, and has been so for some time. No one ventures to say when this attitude will change, but the general belief is that the coming of fall will usher better and busier times.

There does not seem to be any concern or apprehension about the future, or that it holds anything of danger, or any new terror for us. There is no speculation in sight, but rather continued caution and conservatism. The anxiety about the fate of Europe, as affecting our own, seems largely to have subsided, or to have been forgotten, and the average man is back to his natural bent of thinking and caring more about the fortunes of his own locality than of any of the problems which rock the world. Some of the much discussed matters in certain circles are not even mentioned, such as the course of the stock market, or Europe paying her debts to us, or what particular cycle of business we are now entering upon. The multitudinous many have once more returned to their normal ways of thinking and acting. Their principal interest is in the matters that lie round them, and their thought is how to tackle their encompassing problems in intelligent and constructive fashion. The general sentiment therefore, as expressed by the observers, is conservatively hopeful, with the belief that we need only good crops at reasonable prices to the farmers to set our feet on the way to better times.

Dividends

GUANTANAMO SUGAR COMPANY

The Board of Directors has this day declared a Dividend of two dollars ($2.00) per share on the Preferred Stock, for the quarter ending September 30, 1925, payable September 30, 1925, to stockholders of record at the close of business September 15, 1925. The Transfer Books will not be closed.

JOHN WOLLPERT, Treasurer.

New York, August 4, 1925

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

43 YEARS WITHOUT LOSS TO ANY INVESTOR

The well-known firm of investment bankers who bring out this booklet have endeavored in the 1925 edition to present a comprehensive story of the business methods which for 43 years have insured the safety of all their underwritings to the end that no investor has ever suffered a loss or been compelled to wait even a single day for the payment of principal and interest upon his securities. (217)

ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

FOUR DISTINGUISHING MARKS

This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

HOW TO JUDGE SOUTHERN MORTGAGE BONDS

This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

WHY FLORIDA FIRST MORTGAGE INVESTMENTS PAY UP TO 8%

A concise, common-sense statement of five logical reasons why investors may at this time send their money to Florida and get 8% on sound first mortgage security. Sent without charge on request. Ask for 344.

THIRTY-FIVE YEARS OF PERSONAL SERVICE

Are you seeking a location for your plant? If so, send for this interesting booklet which will be sent free without obligation. Ask for 346.

COMMERCIAL OPPORTUNITIES IN SOUTH AMERICA

This special report will be exceptionally interesting to exporters in as much as the writer spent four years studying conditions in the Latin-American countries. Ask for 349.

THE BAKING INDUSTRY

The investment possibilities to be found in this great fundamental industry—the last to offer its securities to the investing public—are shown in this free booklet. Ask for 350.

Securities and Commodities Analyzed in This Issue

Railroads

Bonds

Public Utilities

Petroleum

Commodities

Industrials

Important Corporation Meetings

Company	Specification	Date of Meeting
Federal Mining & Smelting	Pfd. Div.	8-16
Stand. Oil of N. J.	Pfd. & Com. Divs.	8-16
United Cigar Stores	Pfd. & Com. Divs.	8-16
Burroughs Add. Mach	Directors	8-17
Crucible Steel Co.	Directors	8-17
Du Pont (E. I.)	Deb. Stk. & Com. Div.	8-17
Loew's, Inc.	Dividend	8-17
Waldorf System	1st Pfd. & Com. Divs.	8-17
Amer. Tel. & Tel	Directors	8-18
Douglas-Pectin Corp.	Dividend	8-18
General Asphalt Co	Directors	8-18
Mackay Cos.	Pfd. & Com. Divs.	8-18
Youngstown Sh. & T.	Pfd. & Com. Divs.	8-18
Yellow Cab Manfg	Special	8-18
Calumet & Arizona	Dividend	8-19
Commercial Solvents	1st Pfd. & Cl. A Divs.	8-19
Cuban-Amer. Sug.	Pfd. & Com. Divs.	8-19
Hudson Motor Car	Dividend	8-19
Republic Iron & Steel	Pfd. Div.	8-19
Int'l Cement	Pfd. & Com. Divs.	8-20
Pittsburgh Steel Co	Special	8-20
Radio Corp. of America	Directors	8-21
Atlantic Gulf & W. I.	Special	8-24
Coca-Cola Co.	Com. Div.	8-24
Amer. Safety Razor	Directors	8-25
Gen'l Railway Signal	Pfd. & Com. Divs.	8-25
Gt. West. Sugar	Pfd. & Com. Divs.	8-26
Liggett & Myers Tob	Pfd. Div.	8-26
Montana Power	Pfd. & Com. Divs.	8-26
So. Porto Rico Sug	Pfd. & Com. Divs.	8-26
Consol. Gas N. Y.	Pfd. Div.	8-27
Mathieson Alk. Wks	Pfd. Div.	8-27
Maxwell Motors	Directors	8-27
General Electric Co	Directors	8-27

THE RIDDLE OF THE OILS

(Continued from page 746)

the oil stocks is prone to snatch at rumors of this kind and base market operations thereon.

Ordinarily, refiners use the winter months to build up storage stocks of gasoline in anticipation of summer consumption. The three months, July, August and September, are the big months of gasoline use. At the end of May, gasoline stocks represented 61 days' supply or about the same figure as for the previous month. The industry undoubtedly is anticipating the heaviest consumption of gasoline on record, but the fact remains that supplies seem adequate.

Smackover Field

A large portion of the increase in crude production is due to the Smackover Field, largely heavy oil with small gasoline content. This condition at Smackover has been emphasized again and again to point out that light oil fields which are the most productive from the standpoint of revenue, are decreasing in production rather than increasing.

So far as it goes this argument is bullish, but it does not go to the point where it demonstrates the danger of a near future shortage in oil supplies, and again as everyone who has followed the course of the oil stocks knows, in the past the big speculative advances in the shares often have been based, in the public mind at least, upon the theory of an oil shortage. It is difficult to stimulate speculative imagination with the idea of stability, where consumption and production are about balanced and where sensational news is conspicuous by its absence.

What have the oils done in the market since last fall? Using the Dow-Jones averages it can be shown that since October 31, 1924, prices of industrial stocks have averaged a gain of over 30 points. Selecting 12 independent oil stocks in which there is usually a substantial public interest, an elementary mathematical calculation discovers that the 12 enjoyed an average rise of about 12 or 13 points from the price level on November 1, 1924, to the high point reached in 1925. At this writing the average price of these same stocks is about 3 points under the year's high. Similarly treating the better known Standard Oil stocks, we find that they enjoyed an average rise of 11 or 12 points from the prices of November, 1924, and they are at the current writing about 4 points under the high of the present year. The averages have registered modest improvement, but that is all.

Quite possibly the very large amounts of oil shares outstanding are not generally realized. Whereas five or six years ago a share capitalization run-

ning into several hundred thousand shares was considered generous, today there are many companies whose share capitalizations run into the millions. Market advances cannot be as easily accomplished as a few years ago. The weight of the shares is heavier. Buying must be more intense.

Internal Dissension

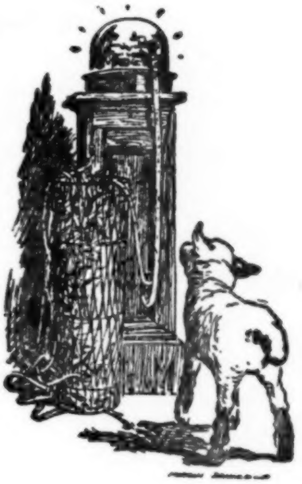
It is gossip that there have been disagreements among the captains of petroleum. For instance, there was the rumor that Standard Oil of New Jersey has considered the acquisition of Pan American Petroleum shares by Standard Oil of Indiana as an intrusion in the field of the New Jersey company. It is difficult to say that such rumors are not inspired by the action of the oil stocks themselves, and as yet they are not traced to responsible sources.

It looks very much as if there is in the petroleum group what Wall Street is pleased to call a "stale long interest" and this long interest is of most substantial proportions. There are some sections of the country where those interested in stock speculation concentrate activities almost exclusively upon the oils. This is particularly true in those territories where oil production is the big excitement. There is said to be an irregular condition among commission houses with regard to long positions in the oils. Some houses say their carryings of oil stocks are subnormal; others just the opposite, but it seems reasonable that commission houses which do a country-wide business are carrying large amounts for their customers. These positions generally are well protected and the patience of the holders is almost admirable, but "everybody has them." Thus, the technical position of the oils is not strong, fresh buyers are lacking and the writer believes that the public has a long position to an extent not quickly appreciated.

In this bull market practically every substantial advance in any group of stocks has been sponsored, according to common report, by strong and aggressive banking interests and this support has been lacking in the oils for the many weeks, if not months—at least since the March break in the stock market. It is widely said that the leaders in the oil industry, financial leaders and operating leaders, are quite neutral in their market outlook on their favorite stocks.

One possible reason for this hesitation may be the fact that those best acquainted with the industry, fully recognizing the size of crude oil production and the refining capacity of the country, know that if the oil companies are to have a whole year of good earnings, not merely a half year, the demand for petroleum products over the next three or four months must continue to break records—must be of abnormal boom conditions. If consumption follows the trend of first half of the year hopes or expectations are likely to be realized, but those who are closest in touch with the petroleum in-

(*Please turn to page* 784)



dustry may be biding their time until evidence is a little stronger on this point. The supply of oil and oil products is large. Talk of supply shortage for the near future is "bosh." The answer then to a second six months of prosperous earnings may, therefore, lie in consumption.

Tired Holders Liquidating?

So far consumption of oil products has kept pace with production, made a market stable and relatively sound, broad enough to admit of good earnings by producers and refiners. Thus far, consumption has lived up to expectations and upon its ability to do that in the second six months of the year may rest the market future of the oil stocks. They may be waiting for the evidence of earnings, and it will have to be more than circumstantial. In the meantime what Wall Street sometimes calls "liquidation by tired holders" spasmodically continues.

It is selling by a public which has held the oils for months. Professional traders, who often are of great benefit in accelerating a move in speculative stocks, are not encouraged to enter the oils when there are evidences of spasmodic liquidation and no so-called inside support. Apparently with the public there was a quick acceptance of the idea of a runaway market for petroleum products. It was not realized that a four-year period of overproduction could not be cured in six months.

Again, many of the advances in common stocks have been based upon sound buying for income or, at least, subsequent advances have had their foundations laid upon this purchasing. From a standpoint of relative dividend income return the oils have been, at least in the earlier stages of the bull market, far behind other industrial groups. The suspicion may be entertained that dividend distributions are somewhat of secondary consideration. Production and marketing strategy in the oil industry at times appears to dominate every other consideration, and strategy tries to base operations on a future of two or three or four years. In the meantime shareholders may be indifferently recompensed, and that in a business which is essentially speculative and in which dividend returns might be supposed to be liberal. In view of this it is quite evident that money which might have gone into volume buying of the oils, has been put to work in other directions.

For Feature Articles

to appear in the

August 29th issue

See page 703

National Public Service Corporation

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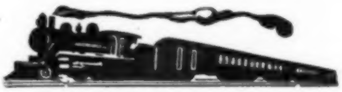

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- ☐ **Cruises Round the World—**
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- ☐ **California by Boat and Rail—**
- ☐ **Cruise to Norway**
- ☐ **Economy Trips to Europe—**
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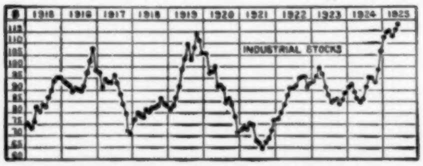

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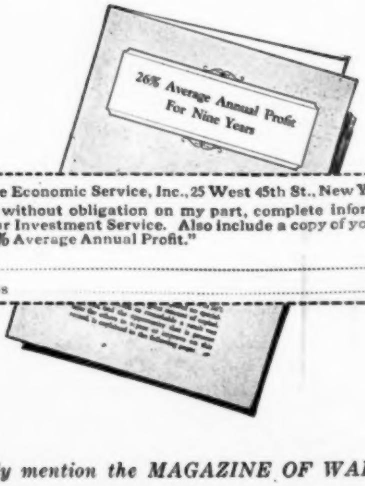

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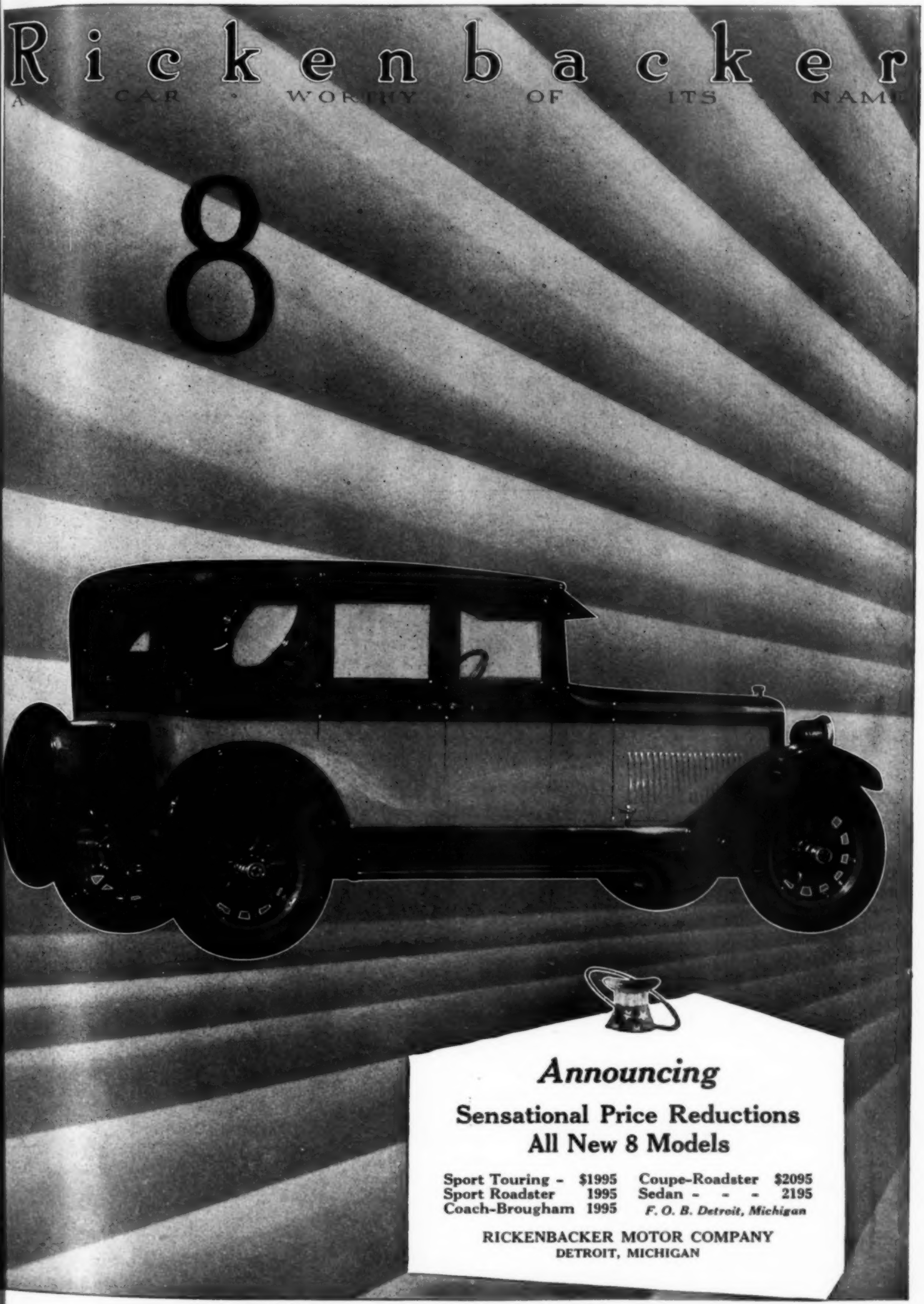
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